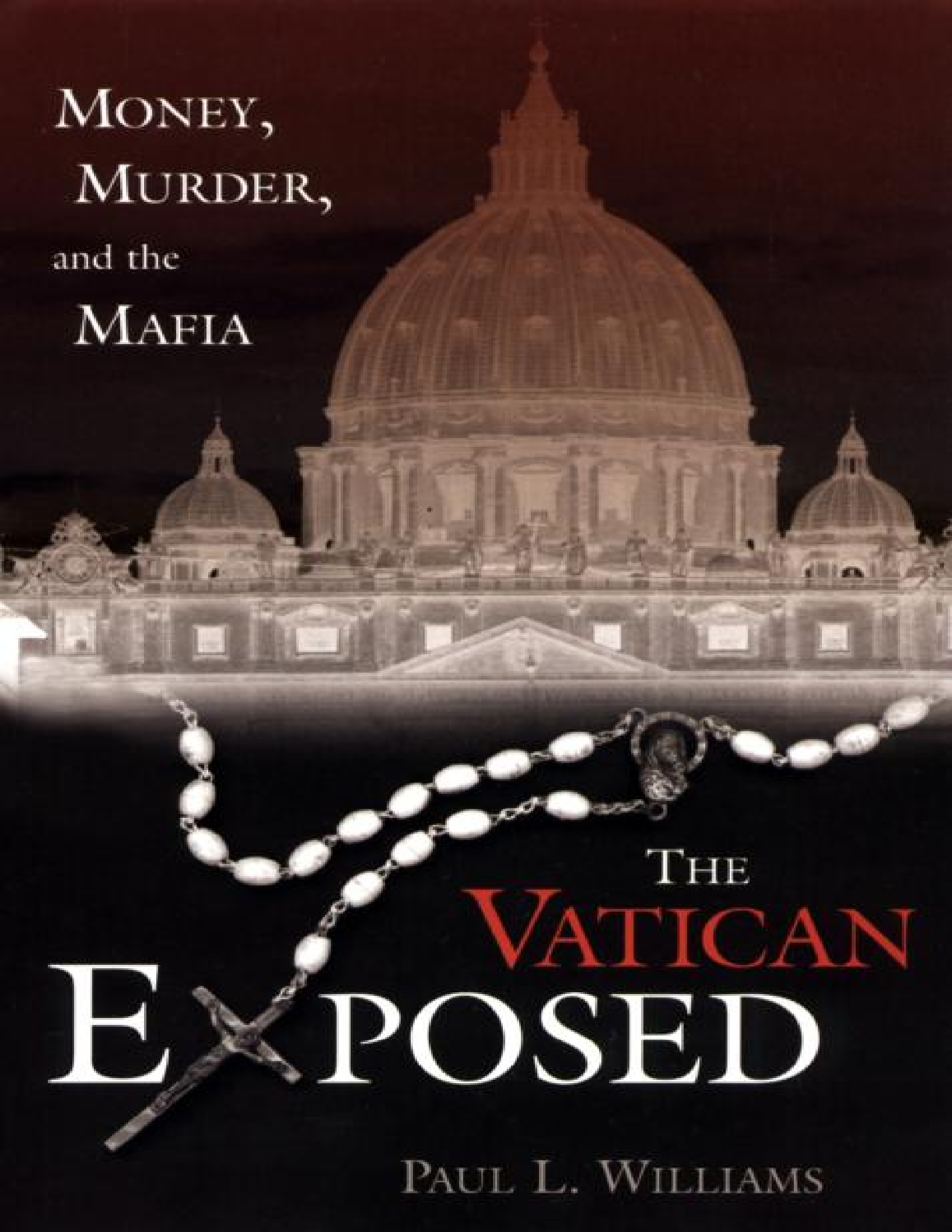
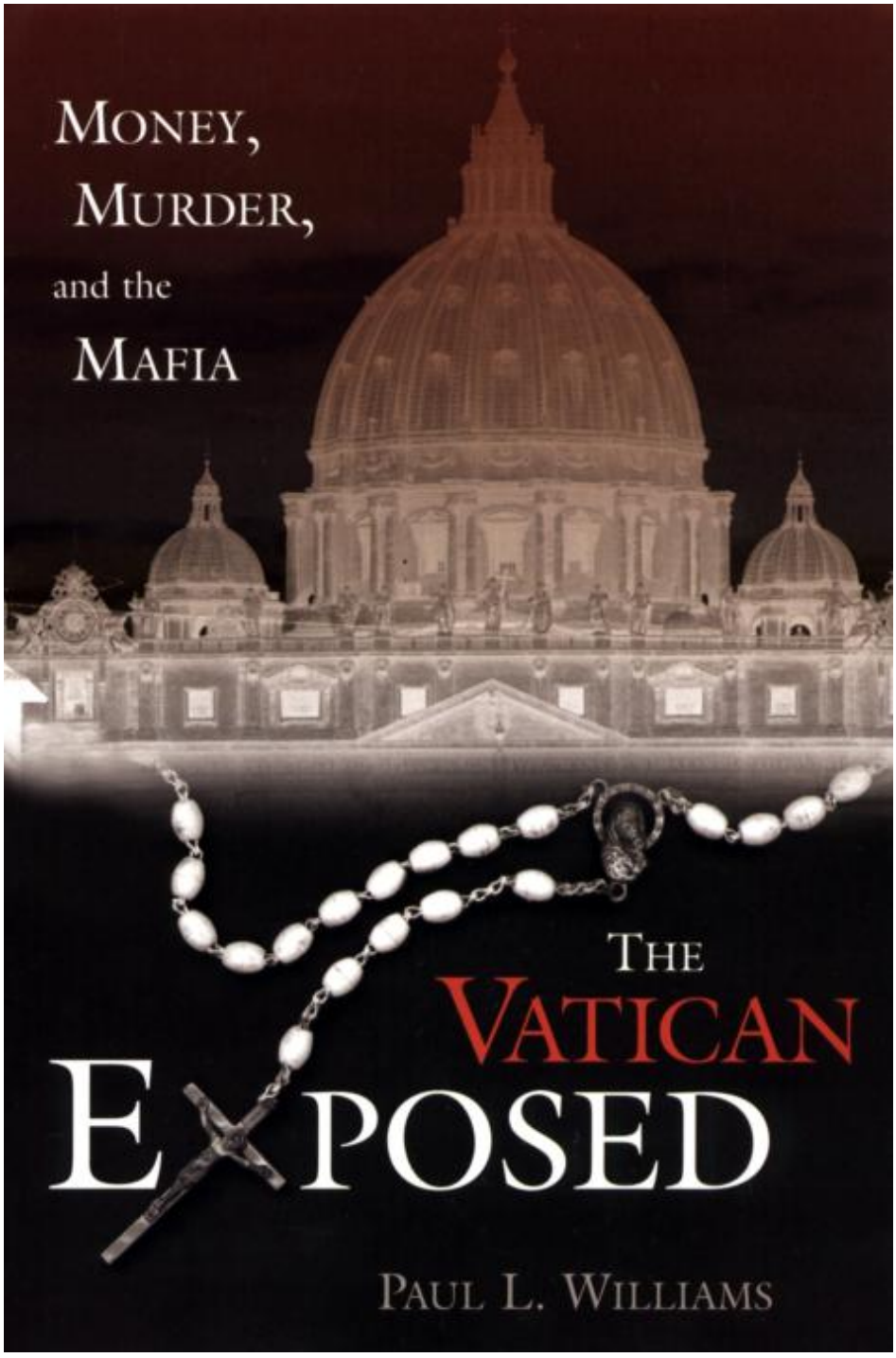
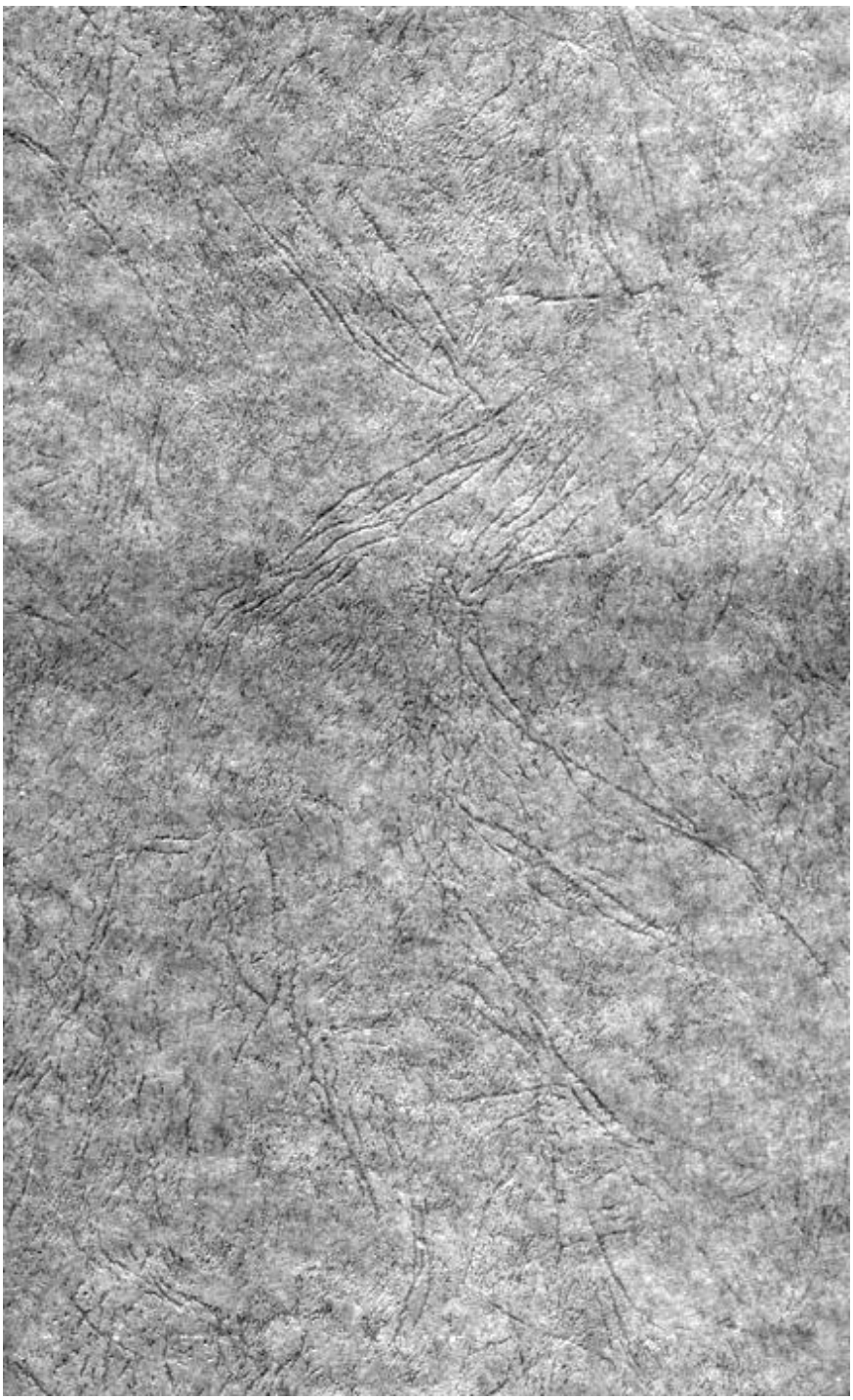
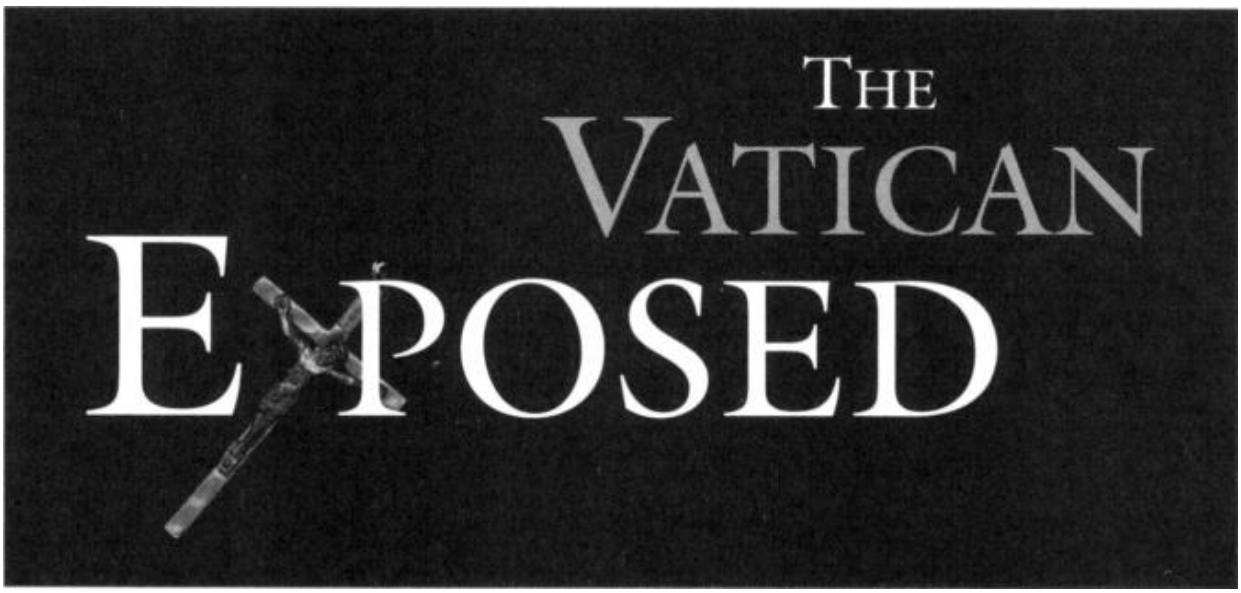

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"A captivating history lesson. . . . Paul Williams reveals in great detail the hidden relationship of the Catholic Church and the Mafia."

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# THE VATICAN EXPOSED

## MONEY, MURDER, and the MAFIA

PAUL L. WILLIAMS

Prometheus Books

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> If anyone teaches false doctrines and does not agree to the sound instruction of our Lord Jesus Christ and to godly teaching, he is conceited and understands nothing. He has an unhealthy interest in controversies and quarrels about words that result in envy, strife, malicious talk, evil suspicions and constant friction between men of corrupt mind, who have been robbed of the truth and who think that godliness is a means to financial gain. But godliness with contentment is great gain. For we brought nothing into the world, and we take nothing out of it. But if we have food and clothing, we will be content with that. People who want to get rich fall into temptation and a trap and into many foolish and harmful desires that plunge men into ruin and destruction. For the love of money is a root of all kinds of evil. Some people, eager for money, have wandered from the faith and pierced themselves with many griefs.
>
> 1 Tim. 6:3-10

# Introduction
# Rags to Riches

Now when he saw the crowds, Jesus went up on a mountain-side and sat down, His disciples came to him, and he began to teach them, saying: `Blessed are the poor in spirit, for theirs is the kingdom of heaven. Blessed are those who mourn, for they will be comforted. Blessed are the meek, for they will inherit the earth. Blessed are those who hunger and thirst for righteousness, for they will be filled. Blessed are the merciful, for they will be shown mercy. Blessed are the poor in heart, for they will see God. Blessed are the peacemakers, for they will be called the sons of God. Blessed are those who are persecuted because of righteousness, for theirs is the kingdom of heaven. Blessed are you when people insult you, persecute you and falsely say all kinds of evil against you because of me. Rejoice and beglad, because great is your reward in heaven, for in the same way they persecuted the prophets who were before you."

Matt. 5:1-12

The seeming miracle occurred on October 28, 312 C.E. Miltiades, a small, unassuming man of sixty-two years, was summoned from his hiding place within a small house in an alleyway of the Trastevere district of Rome by two centurions. The old man assumed that he would be hauled off to prison as the leader of the Christian movement-a movement that had been deemed religio illicita by the empire. The arrest was only to be expected. Miltiades would be tried and sentenced with his followers to a public execution so that the Roman populace could witness the fate of those who refused to make sacrifices to the gods of Rome.

Miltiades, who wore a threadbare robe and worked in the common marketplace, was the bishop of Rome, a title that led his fellow Christians to call him "papa" or "father." The first bishop of Rome, according to tradition, had been the apostle Peter. Peter had been singled out by Jesus to establish the Church-the visible Kingdom of God on earth. "Thou art Peter," Jesus had said, "and upon this rock (petrus) I will build my Church and the gates of hell shall not prevail against it" (Matt. 16:18).

Peter had established a Christian community in Rome, the center of the empire. The great apostle was crucified in 68 C.E., during the reign of Nero. Peter's successor had been Linus, who, according to tradition, also died a martyr. Linus was succeeded by Anacletus, a Greek slave whose name means "blameless." Miltiades, who hailed from North Africa, was the thirty-second bishop of Rome. Few of his predecessors had died in bed. Some had been cast to wild beasts in the arena; some hanged throughout the countryside; some set ablaze as human torches to light the public games.

The old man made the sign of the cross and prayed for the courage to merit a martyr's crown. He followed the soldiers into the

bright sunshine, only to behold the Emperor Constantine, flanked by hundreds of soldiers.

The emperor was an imposing figure, over six feet tall, with a pale, square face, blue eyes, and a bull neck. The soldiers and horses were covered with blood, mud, and grime. That very October morning, at the Milvian Bridge, Constantine had defeated his imperial rival, Maxentius, to become the sole ruler of the Roman Empire.

Constantine attributed his victory to a vision of a cross that he beheld before the battle. Beneath the cross that arose above the clouds in the morning sky, these words appeared: "In hoc signo vinces" (`By this sign, you will conquer"). When asked about the sign in the heavens, his soldiers had informed him that the cross was the sign of "Christus," the God of the Christians.

After hacking his rival's army to pieces, Constantine decided to make the God of the Christians his God and the God of his empire. Instead of placing Miltiades in chains, Constantine embraced him and draped the purple robe of a high pagan priest around the old bishop's shoulders. Miltiades was befuddled. What was transpiring before him was too bizarre to be true! Two worlds had collided. The world of Caesar with its riches and power, its pomp and splendor, was a world to be shunned. The world of Christ was a world of poverty and service, of persecution and self-denial. The dumbstruck Miltiades merely nodded as the emperor rambled about the great sign in the sky that was now engraved on the shields of his soldiers. The old man refused to utter a word, even though the emperor appeared to confuse Jesus Christ, the suffering servant of the scriptures, with Sol, the Roman god of the sun.

Constantine asked to see the spot where the bones of Peter, the first Christian leader, had been buried. Miltiades led Constantine and the great Roman legion to a small stone or tropeum in a cemetery outside of Rome. The emperor fell to his knees and promised to build a great basilica at this spot. Again, Miltiades was too aghast to speak. A basilica was not a Christian place of worship. It was a pagan

building where the statues of the emperors were worshipped as divinities. The very concept of a Christian basilica seemed as absurd as a square circle. Everything in creation seemed to be standing on its head.

Constantine next led the old bishop to a magnificent palace on the Lateran Hill. "Henceforth," the emperor said, "this is the House of Miltiades and of every successor of the blessed apostle, Peter." He also gave the Christian papa another palace at Gandolfo as a summer residence, since it would be unworthy for Peter's successor to live in a single mansion.

Within the coming weeks, changes occurred at lightning speed. Miltiades, along with the palace, received the title chief priest or pontifex maximus, a title that formerly had been reserved for Caesar. Those who supported him in conducting worship services, which now were public events, became known as "cardinals," from the Latin word cardo meaning "support" or "hinge." As the Christian faith grew and spread to become the official religion of the realm, the cardinals formed a collegium or "association" of ecclesiastical administrators.

Overnight, the Christian Church began to utilize the stole and other vestments of the pagan priesthood into its rituals, along with the use of holy water and incense for purification. The process of syncretism had seeped into what earlier Christians deemed the holy and apostolic faith. The pagan converts, with their penchant for polytheism, began to see the Christian heroes and martyrs as demigods and began to pray directly to them. This melding was compounded when the calendar of the saints came to replace the Roman fasti (public days of obligation to the gods). Suddenly, ancient deities dear to the pagans were revered and worshipped as Christian saints. The Dea Victoria of the Basses-Alps became St. Victoire, and Castor and Pollux were reborn in the legends of Sts. Cosmas and Damian. Several pious Christians realized that the faith was being corrupted and uttered complaints to the supreme pontiff and his college of cardinals. "Pagan converts," St. Claudius of Turin insisted,

"have not abandoned their idols, but only changed their names." But such complaints were to no avail. The changes were institutionalized by imperial edict.

Miltiades died in a regal bed, surrounded by attendants. The old bishop was succeeded by Sylvester, who reigned for nearly twenty-two years. During this time the pope came to wield secular power. The condemnation of heresy or false teaching-that is, any teaching in contradiction to that of the Roman Church-was accompanied by civil punishment that came to include imprisonment, exile, and execution.

Surrounded in splendor with attendants ready to cater to their every whim, the bishops of Rome, quite naturally, became officiously pompous and egregiously overbearing. No one could approach them without falling to the ground and kissing their feet. Gradually, they began to make outrageous claims about their holy office. Pope Leo I (440-461) maintained that it did not matter how immoral or inept an individual pope might be as long as he was a rightful successor of St. Peter and an agent of the imperial government.

At the same time, the Church of the poor and holy apostles became rich beyond measure. Rich and aristocratic men and women, who abandoned paganism for Christianity, made the Church of Rome the object of their benefaction. In addition to these gifts, the Church received huge land grants from the emperors.

By the end of the sixth century the material holdings of the Church around Rome and in Naples, Calabria, and Sicily had become immense. The annual revenues from Calabria and Sicily that flowed into the "Holy See" (that is, "the holy seat" of St. Peter) amounted to more than thirty-five thousand gold florins. By 764 Pope Paul I assumed the worldly title of dux plebes, "leader of the people" and began to speak to his followers of par nostra Romanorum, "our Roman ecclesiastical state."

The worldly power of the Roman Church was greatly enhanced by the famous donation of Pepin the Short in 756. In exchange for the

exalted title of Patricus Romanus ("Father of Rome"), Pepin, the King of the Franks, gave to the Holy See all of the Italian cities he had conquered from the Lombards along with all their territories. In this way, Pope Stephen II received enormous tracts of land. One, comprising 4,542 square miles, centered about Ravenna. It was later called the Romagna. The other, consisting of 3,692 square miles, lay below Ravenna and stretched into southern and central Italy. It became known as the March of Ancona. The Holy Father got one of the greatest real estate deals in human history. For a mere title, he had come to possess almost all of modern Italy.

Twenty-one years later the citizens of Rome gathered in a parliament and conferred upon the pope the supreme authority to rule over them. The vicar of Christ, irony of ironies, had become the new Roman Caesar.

# 1
# The Donation of Mussolini

> The devil took him to a very high mountain and showed him all the kingdoms of the world and their splendor. "All this I willgive you," he said, "if you will bow down and worship me." But Jesus said to him, "Away from me, Satan! For it is written: `Worship the Lord your God, and serve him only. "'
>
> Matt. 4:8-10

New Year's Day, 1929. The Roman Catholic Church was The pope, despite his appearances to offer blessings to the crowds that gathered beneath his balcony, remained a virtual prisoner within the Lateran Palace. And the secular staff of the Vatican complex in Rome was reduced to a skeleton crew of housekeepers, groundskeepers, and Swiss Guards.

Nearly everything within the Lateran Palace was in a state of disrepair. The upper floors were damaged by leaks and covered with mounds of guano from thousands of pigeons that roosted in the attic. Electrical fires, caused by faulty wiring, regularly erupted in the basement, kitchen, reception areas, the dining halls, and even the papal chambers.

The Holy Father could hear rats scurrying through the walls. Rats had even infested other buildings in the Vatican complex, including St. Peter's Cathedral.' The pests had even managed to gnaw on the remains of the popes who had been entombed in glass within the side altars.

Because of the rats, it was no longer safe to keep the consecrated Host in the altar for the Forty Hours' devotion. The sanctified body of Christ being chewed by vermin was a nightmare too horrible to imagine. The Host, elevated and blessed by the ringing of bells and the sprinkling of incense, became the actual body and blood of the crucified Savior when a priest spoke the words of consecration: Hoc est corpus, words that Protestants mockingly transmuted into hocuspocus. It was too holy to be touched-let alone chewed-by the common laity. Every part represented the whole. Every crumb was a communion. And the thought that some crumbs might not have been swept from the altar cloth by an inattentive priest made the pope shriek with alarm: "Ratti!"

The door to the papal chambers opened and a guard appeared: "Your Holiness. Are you well?" The pope dismissed the attendant with a wave of his hand. In accordance with the standards of papal exaltation set by Leo XIII (pope from 1878-1903), he was forbidden to speak a word to menial servants, including members of the Swiss Guard.

Rats in the Lateran Palace and the Basilica of St. Peter! Yet there were no funds available for an exterminator. There was not even enough money to protect the priceless paintings and tapestries from mold and mildew. There was not enough money for repairs-not even enough to purge the clogged sewer system. There was not enough money for a new heating system so that Vatican business could be conducted in a modicum of comfort. There was not enough money for cleaning supplies, let alone maintenance personnel and chambermaids. There was not enough money to repair broken fixtures and furniture or to replace the moth-eaten draperies.

"Ratti." It was the Latin word for rats and also the pope's family name. He had been born Achille Ratti in Milan, the son of a silk factory manager. After his ordination, Ratti served in the Vatican library as a paleographer and an archivist. In 1919 Pope Benedict XV sent him to Poland, where he distinguished himself as a diplomat. Ratti was appointed archbishop of Milan in 1921 and, several months later, elevated as a cardinal. One year later he ascended to the papal throne and assumed the name Pius XI.

Pope Pius XI was short and thickset with a high forehead and penetrating eyes. He possessed a quick and probing intellect and a love for scholastic disputation.2 A prelate mentioned that preparing for a meeting with the Holy Father was like preparing for an examination.' The pope's cross-questioning was fierce and relentless, and his wrath was unleashed on any cleric who could not provide suitable answers. Many prelates hated and feared him.

At the age of seventy-one, Pius XI was still physically imposing. In his youth he was a mountain climber. He once stood on the summit of Mount Rosa and had spent a night on a narrow ledge during an Alpine storm. Broad-shouldered with a ruddy complexion, he seemed out of place among the ascetic bureaucrats in the Vatican. He had been an unpopular choice and only ascended to the holy office because the cardinals had been divided between the ultraconservative Cardinal Merry del Val and the liberal and congenial Cardinal Gasparri, who served as the Vatican's secretary of state. He was a compromise candidate, and it took fifteen ballots to secure his election.4

As a pope he proved to be intransigent, stern, and demanding, accepting as his motto, "Christ's peace in Christ's kingdom." The motto reflected his belief that the Church should be active in the world, not isolated from it. The call to activism, Pius XI believed, was necessitated by the threat of atheistic Communism and its appeal to the oppressed populace of Christian countries. He would later address this threat in his encyclical Divini Redemptoris (1937).

Indeed, Pius XI's virulent hatred of Communism would provide Catholic scholars with a means to justify his concordats with two of the most notorious Fascist leaders of the twentieth century, Adolf Hitler and Benito Mussolini, and his full support to a third, Spain's Francisco Franco.

From the start of his reign, Pius XI displayed a strong commitment to missions and required every religious order to engage in missionary work. He consecrated the first native Chinese bishops in 1926 and a native Japanese bishop in 1927-almost as an effrontery to the Catholic Caucasian hierarchy. During his pontificate the total number of native priests in mission lands increased from three thousand to over seven thousand.5

Unlike his predecessors, Pius XI made efforts toward ecumenism. He called for a union with the Eastern Orthodox and did everything he could to support Eastern-rite (Uniate) churches in union with Rome. But Pius XI did not extend his efforts at reconciliation to Protestants. In his encyclical Mortalium animos (1930), the pope forbade any Catholic involvement in ecumenical conferences, synods, and services with Protestants of any denomination. Also unlike his predecessors, he was committed to the advancement of science and scholarship. He modernized the Vatican Library, founded the Pontifical Institute of Christian Archaeology, and established the Vatican Observatory at Castel Gandolfo.

Pius XI performed all this on a miserly annual budget of $1 million.6 There was so much more that needed to be accomplished. But the coffers were empty. And the banks were demanding payment on the delinquent loans.

Ratti realized that he must deal with the rats in more ways than one. In his chambers before celebrating the Holy Feast of Christ's Circumcision, the pope knew the agreement with the Fascists-with Mussolini and his Blackshirts-had to be consummated as soon as possible. He was ready at long last to do what must be done. He was

ready to restore the Roman Catholic Church to a position of wealth and power. He was ready to sign the deal with the devil.

For twelve hundred years-from Constantine's issuance of the Edict of Milan in 312 to Luther's issuance of the ninety-five Theses for Disputation in 1517-the popes were the most powerful potentates on earth. Kings and emperors knelt at their feet to receive the papal blessing and the kiss of peace. In 1215 the Fourth Lateran Council proclaimed that the bishop of Rome possessed absolute authority not only over spiritual matters but also temporal issues. "The Lord left to Peter," Pope Innocent III said, "the government not only of all the Church but of all the world."7

For centuries it was assumed that popes had the right to dethrone any king, to annul any secular decree, or to cast aside any constitution.

The Roman Church was established as an absolute monarchy with all lines of authority leading to and from the popes. The power of parish priests to bind and loose sins came from the authority of the bishops who ruled their diocese. The bishops, in turn, derived their authority solely from the supreme pontiffs, who ruled as the vicarious representatives of Jesus Christ.' Throughout the massive edifice known as Christendom, all clerics-priests, monks, friars, abbots, bishops, archbishops, and cardinals-were united in one great spiritual army under the supreme pontiffs in Rome.

The popes were also temporal sovereigns. They ruled over the Papal States, the sixteen thousand square miles that comprise much of modern Italy. The area was divided into eighteen patrimonies, or estates, such as the patrimony of Tuscany, the patrimony of Perugia, the patrimony of the March of Ancona, the patrimony of Romagna, the patrimony of Bologna, and the patrimony of Rome.

In addition to these jurisdictions that were governed directly by the popes, the Holy Fathers throughout the medieval epoch possessed feudal power over most of Portugal, the Navarre and Aragon

provinces of Spain, England, Ireland, Corsica, Sardinia, and the Kingdom of Sicily, all of which provided yearly financial tribute as vassal states to the See of St. Peter.' The popes presided over a massive array of bureaucrats who governed papal towns and villages, sold papal services, and collected taxes.

Millions poured into the papal treasury from every nook and cranny of Christendom. The successors of St. Peter became richer than any sultan or suzerain. They lived in palaces with thousands of servants and attendants to cater to their every whim. They dressed in ornate gowns, sumptuous robes, and ermine stoles. They wore tiaras (papal diadems surmounted by orbs and crowns of sovereignty, surrounded by three crowns) that outweighed many kingdoms and fiefdoms in worth. At their command, large armies were amassed to suppress rebellion; fleets were dispatched to conduct trade; and inquisitions, crusades, and pogroms were conducted to purify Christendom of all heretics, all upstarts, and all those who would question the supreme authority of the supreme pontiff.

After the Reformation, the wealth and power of the Roman Church (now no longer catholic since the word means "universal") began to erode. The revenue from taxes, tributes, legacies, and gifts from much of northern Europe was lost. Because of the prohibition on usury (making money from interest), the Church refused to invest in foreign colonized markets or to engage in international commerce.

Moreover, as a feudal institution, the Church remained averse to new technology. In the wake of the industrial revolution, it failed to take advantage of such innovations as the steam engine, the flying shuttle, and the water frame that revolutionized means of production. For this reason the Papal States fell into a state of stagnation, and the papal coffers became depleted of funds.

At the beginning of Pope Clement XI's reign in 1700, the papal debt stood at 15 million scudi (a scudo being comparative in value to a dollar). By 1730 the debt increased to 60 million scudi. Thirty years later the debt hovered around 100 million scudi.

Greater hardships for the papacy lay ahead. On November 2, 1789, with the advent of the French Revolution, all Church property in France was declared "at the disposal of the Nation." The National Assembly in Paris forbade French bishops to send funds to the pope in Rome. The situation worsened for the Vatican in France with the arrival of Napoleon in 1796. The emperor demanded the payment of an annual tribute of 21 million scudi from the Papal States? When the pope failed to come up with the funds, Napoleon sent his troops to Rome to strip the palaces, churches, cathedrals, and convents of gold, silver, and precious stones, and to remove art works-paintings, sculptures, tapestries, manuscripts, and ceramic treasures-as well as to transport all articles of value from Rome to Paris. The Bride of Christ was left ravished and bare.

After the collapse of the Napoleonic Empire, the Congress of Vienna (1815) restored some of the priceless treasures and offered Rome inadequate indemnities. Although the eighteen provinces of the Papal States remained intact, the days of the temporal glory of Roman Catholicism were quickly coming to an end.

The last Pope-King (il Papa Re) was Pius IX (Giovanni Maria Mastai-Ferrati), who reigned from 1846 to 1878. Like his predecessors, the new pope, popularly known as "Pio Nono" (his papal name in Italian), asserted that the territorial holdings of the Holy See were indispensable to its spiritual independence. "If the Supreme Pontiff were merely an inhabitant of a `foreign' country," Pio Nono argued, "how could he be free of local influence?""

The quick-tempered and epileptic Pio Nono objected to all attempts to create a unified Italy and to grant the inhabitants of the Papal States the right to suffrage. This position prompted his refusal to support the nationalists in the war to expel Austria from Italian lands. The nationalists responded by open rebellion against papal rule. On November 15, 1849, an angry mob killed Count Perigrino Rossi, a lay government minister of the Papal States. The next day, republican revolutionaries stormed and sacked the pope's Quirinale

summer palace, and Pio Nono was forced to flee from Rome in disguise.12

Pio Nono, in exile at Gaeta, appealed to Catholic powers for help. French troops restored papal rule to Rome on July 15, and the pope returned to the city and his throne on April 12, 1850. But, despite bulls, blasts, and threats of excommunication, Pio Nono could not maintain control of his temporal holdings. One by one, the Papal States broke away and declared their independence. By 1860 all of the Papal States, except the patrimony of St. Peter, had been lost.

The pope responded to this development by issuing the Syllabus of Errors in which he condemned modern civilization, freemasonry, rationalism, liberalism, and the concept of progress. Error number 77 was spelled out as follows: "It is an error to affirm the following: `It is no longer expedient that the Catholic religion should be treated as the only religion of the state, all other worships whatsoever being excluded.'" Error number 80 was defined in this manner: "It is an error to affirm the following: `The Roman Pontiff can and ought to reconcile himself with modern civilization.'" 13

To maintain his position as the supreme ruler of all earthly things, despite the loss of his holdings, Pio Nono convened the First Vatican Council to affirm his spiritual authority over all creation. In its dogmatic constitution, called Pastor Aeternus ("Eternal Pastor"), the council declared that the pope has "full and supreme power of jurisdiction over the whole Church, not only in matters that pertain to faith and morals, but also in matters that pertain to the discipline and government of the Church throughout the whole world." This power, the council proclaimed, is "ordinary" (that is, not delegated) and "immediate" (that is, not exercised through some other party rather than "from this day forward").14 The council went on to declare the dogma of papal infallibility:

> It is a divinely revealed dogma that the Roman Pontiff, when he speaks ex cathedra ["from the chair" of St. Peter], that is, when acting in the office of shepherd and teacher of all Christians, he

> defines, by virtue of his supreme apostolic authority, a doctrine concerning faith and morals to be held by the universal Church, possesses through the divine assistance promised to him in the person of Blessed Peter, the infallibility with which the divine Redeemer willed His Church to be endowed in defining the doctrine concerning faith and morals; and that such definitions of the Roman Pontiff are therefore irreformable of themselves, not because of the consent of the Church."

On August 19, 1870, national troops of the united Italy took possession of the patrimony of St. Peter, the Roman province itself. Pio Nono, who held himself above reproach and correction, was left governor of a proverbial postage stamp-480,000 square meters on and around Vatican Hill. Stripped of his earthly holdings, the pope shut himself within the apostolic palace and refused to appear, even to bless his people.

After Pio Nono died on February 7, 1878, his corpse was transported from its provisional resting place in St. Peter's Cathedral to a permanent tomb at San Lorenzo. When the funeral procession reached the Tiber, a gang of anticlerical Romans threatened to throw the Holy Father's remains in the river. Only the arrival of a contingent of the Roman militia saved the body of Pio from this final insult.16

The languid and seemingly emaciated Leo XIII (Gioacchino Vincenzo Pecci), known among American bishops as "bag of bones," attempted to recover the Papal States and the temporal power of the Holy See by forbidding Catholics from participating in elections in the new Italian state and by censuring the "American" concept of separation between church and state.

With the loss of land came the loss of taxation. By 1900 the annual budget of the Vatican was slightly less than $4 million and Leo XIII was struggling to make ends meet.17

In the tradition of the two previous pontiffs, Pius X (Giuseppe Sarto) imparted the papal blessing from the internal balcony of St.

Peter's, when he ascended to office in 1903. This was a gesture to show that the pope remained a "prisoner" of the Italian government.

Pius X, in an effort to foment Catholic solidarity, issued a decree-Sacrorum antistitum-forcing all Catholic priests to take an oath against "modernism," still called "Americanism" by the Vatican, a movement which represented "the synthesis of all heresies." The oath required clerics to affirm that the existence of God can be known and approved by reason; that miracles and prophecies are certain signs of revelation; that the Roman Catholic Church as an institution was founded by Jesus Christ; that there is a constant deposit of faith in the Catholic tradition so that dogmas cannot change in meaning from generation to generation; and that faith consists of an assent of the will to things revealed by God.18

When he died at the outbreak of World War I, Pius X left instructions that his body should not be drained of blood and embalmed. This had dire consequences for his remains and the remains of future popes (Pius XII's nose fell off; John Paul I's face turned green; and Paul VI's ears became black).19 Only Ratti himself would be embalmed, and this procedure would take place under mysterious circumstances.

Decay was setting into the Roman Church-literally as well as figuratively. Benedict XV (Giacomo della Chiesa; pope from 1914-1922) seemed to personify the situation within the Vatican by his physical appearance. He had only one eye and one ear because of a childhood accident. He appeared as a twisted figure with one shoulder sharply higher than the other. His sinister appearance was enhanced by the fact that he was impishly short, extremely thin, with a bluish complexion and thin purple lips, and that he-in the manner of Richard III-walked with a "halting limp." The pope's detractors called him by his nickname "Picoletto" ("tiny one").20

By 1919 expenses were outrunning income, and the Vatican was forced to rely on its financial reserves. Benedict XV invested almost all of the reserves in the once very profitable securities of the

Ottoman Empire. But with the empire about to dissolve, the securities lost much of their value.

The situation was becoming dire. Benedict XV could not live in seclusion in the manner of his immediate predecessors. More than half a million Italians had died in World War I, and the people were turning to the Communist Party for solutions to their economic woes. The pope himself, at first, had become somewhat enamored with the movement and praised the Russian revolution as a "triumph over tyranny."21 But Communism now posed a threat not only to the parliamentary government of Italy but also to the Holy See. The platforms of the Communists called for the relinquishment of private party, the redistribution of wealth, and the rejection of the teachings of the Church (including the dogma of papal infallibility) that "enslaved the people to intolerable socio-economic conditions." By 1919 bishops and priests were jailed and murdered throughout Russia, churches were sacked and transformed into atheist museums, and the Communist press began to vilify the Orthodox and Roman Catholic teachings.22

In an effort to ward off the "Red Menace," the Vatican formed the Catholic Populist Party in 1919. In a matter of months it became the second largest political party in Italy, and the voice of the Church was once again heard in corridors of power.

But the threat of Communism persisted among factory workers who called for shutdowns of assembly lines, peasants who refused to harvest the crops of the padrones, and revolutionaries who invaded churches to deliver political harangues from pulpits. The Church had become so weak and ineffectual that it could not safeguard its own sanctuaries from the forces that advanced godlessness.

In January 1922, when Benedict XV died, the annual budget was cut back to $1 million. To meet expenses, the Church was forced to secure loans, mostly from German banks.23

But Ratti, upon becoming Pius XI, was determined to change things. He appeared on the loggia above St. Peter's Square and gave the people the solemn urbi et orbi ("to the city and the world") blessing. It was an indication that he was resolved to end the papal exile and to restore the Roman Catholic Church to a place of prominence in worldly affairs. The crowd that had gathered cried out: "Viva Pio Undicesimo! Viva Italia!" ("Long Live Pius XI!" "Long Live Italy!")24

The new pope immediately addressed the "Roman question"the fact that the Vatican received no payment for the temporalities seized by the Italian government. He petitioned Parliament for reparation. He appealed to King Victor Emmanuel in the Quirinale Palace. He made telephone calls to the king's ADC General Cittadini. All this was to no avail. Italy, like the Holy Mother Church, was in dire financial straits. The country had the highest birth rate in Europe, and the Italian people, for the most part, lived in appalling poverty. The inflation rate was second only to that of Germany. Strikes were taking place on a regular basis. And public services were breaking down.

But amidst the misery, the new pope saw the signs of a dawning of a new day. Benito Mussolini was galvanizing the Italian masses with his quasi-operatic orations in meeting halls and marketplaces and with his call for a complete reform of the existing risorgimento ("regime"). "Our program is simple," Mussolini said. "We wish to govern Italy."25

To demonstrate this intent, Mussolini unleashed his "action squads" against the Communists throughout the Po Valley. In town after town, every socialist cases del popolo ("home for the people") was torched, and local prefects, who attempted to summon the local police against the fascist condottieri (storm troopers), were forced to resign from office.26

The Communists responded to this outbreak of violence by calling for a general strike, but the strike was a disastrous failure that only served to strengthen Mussolini's position. Clearly, the Fascist leader

was a force to be reckoned with. Unlike the leaders of the ineffectual Catholic Populist Party, Mussolini was a man of action-a man who could crush the Red Menace under the boots of his Blackshirts.

But there was a problem. Mussolini was not a devout son of Holy Mother Church. Far from it, in 1910 he published an inflammatory pamphlet called God Does Not Exist and a sensational novel entitled The Cardinal's Mistress. To display his contempt for traditional Catholic values, Il Duce lived in common law with Donna Rachele, a former Marxist, who bore him several children. Mussolini refused to subject his children to the rite of baptism, shunned participation in liturgical services, and boasted in public speeches of his 136 mistresses.27

But there had been a softening in Il Duce's view of the Church. He came to realize that Catholicism could be used to solidify his own political position. In 1920 the Fascist leader said, "I think Catholicism could be used as one of our strongest national forces for the expression of our Italian identity in the world."28

The Catholic Populist Party, under Don Luigi Sturzo, sought to prevent Mussolini from seizing power by forging an alliance with the Socialists. Rank-and-file party members met with the Catholic clergy to gain support for the proposed coalition. Rallies were held in parish halls from Genoa to Naples, with the 107 deputies of the Catholic Party pledging to oppose the creation of a Fascist state.

To address this development, Mussolini, with an olive branch between his teeth, appeared before Cardinal Pietro Gasparri, the Vatican secretary of state. In the wake of this meeting, the Vatican issued a circular letter to the Italian hierarchy, ordering the clergy not to identify themselves with the Catholic Populist Party and to remain neutral in political affairs.29 The order, dated October 2, 1922, seemed incredible to faithful party members. Holy Mother Church, it seemed, was abandoning its own sheep before a political wolf.

Two weeks later, on October 16, 1922, Mussolini led a march of 40,000 Blackshirts on Rome. Over 100,000 citizens took to the streets to show their support for the Fascists. Old King Emmanuel, the remaining regent of Italy, was so shaken by the sight that he immediately granted the Fascists the right to create a new government.

Overnight, Mussolini took over the ministries of the interior, of foreign affairs, of the colonies, of corporations, of the armies, and of public works. Within months the economic conditions improved with a sharp increase in industrial productivity and a dramatic decrease in inflation. The strikes and shutdowns came to an end. The Communists were silenced. The corrupt members of Parliament were ousted from office. And the trains ran on time. "Catholicism," the new dictator proclaimed, "is a great spiritual and moral power and I trust that relations between the Italian State and the Vatican from now on will be very friendly."30

To display his friendliness to the Church, Mussolini outlawed freemasonry in Italy, allocated state fiends to help the nearly bankrupt Church institutions, and exempted the Catholic clergy from taxation. The Vatican responded promptly. On June 9, 1923, the leaders of the Catholic Populist Party, including Sturzo, received a preemptory order to disband from the Vatican. When several members refused to acquiesce to this demand, the pope threatened them with excommunication and ordered all members of the clergy who supported the Catholic Populist Party to resign.

In 1925, which Pius XI proclaimed a Holy Year, Mussolini began to espouse his formula for the Fascist state: "Everything within the state; nothing against the state; nothing outside the state." He saw the Fascist state as a force that should control all aspects of lifemoral, political, and economic-within Italy. Indeed, he defined Fascism as "organized, concentrated, authoritarian democracy on a national basis."31

But for the realization of this Fascist utopia, Il Duce had to show that he also controlled the support of the people. He saw himself as a national rather than a party leader. In his meetings with foreign officials, Mussolini maintained that he governed by "consent" rather than "force." In order to establish proof of his public mandate, he called for a "national plebiscite" so the Italian people, once and for all, could choose between the old parliamentary form of government and the new Fascist state.

For any semblance of a great victory at the polls, Mussolini needed the support of the Vatican. The vast majority of the populace was fiercely devoted to the Church and obeyed the pope's pronouncements (as evidenced by their refusal to practice birth control). Any questions from the Church about Il Duce's purported atheism, his moral integrity, and his early anticlericalism would result in a dem ocratic victory and an enormous setback for the man who envisioned himself as a new Caesar.

To win the favor of the Holy See, the dictator had his marriage to Donna Rachele sanctified by a Catholic priest. He began to attend mass on feast days and holy days of obligation. He insisted that his children receive the sacrament of baptism and swore as a God-fearing parent "to renounce Satan and all his works." As further proof of his faith, Mussolini proposed a tax on childless couples, proscribed severe punishment for adultery, and made infliction with syphilis a crime. He also ranted and railed against short skirts and revealing bathing suits and called for all good Italians to abandon the "negro dances" imported from the United States.32 His about-face was so complete that he proudly announced to the people on several occasions the famous dictum of Pope Gregory VII: "Whoever touches the pope must die."33

At last, Mussolini contacted Cardinal Pietro Gasparri, the Vatican's secretary of state, and expressed his desire to give a generous gift to Holy Mother Church in reparation for the loss of the Papal States. Pius XI disliked and mistrusted Mussolini. He saw through the

dictator's mask of piety and his charade as a devout son of the Church. In private he often referred to the dictator as "the devil's son."34 But now he gave in to the third and most terrible temptation. He had to bow before the will of Il Duce and sanctify the Fascist state for the sake of the world and all its riches. Christ could reject such an offer but not his vicar. Such rejection would spell ruin. The pope had just received the findings of an audit from the Cardinalitial Commission that had worked with the Apostolic Camera to assess the immediate financial situation of the Church.

The results of the audit couldn't have been more devastating. The daily expenses of running the Vatican were in excess of $7,000. Contributions to the Church had declined by 20 percent from the previous year. Legacies were diminishing. Creditors, including the Reichbank in Germany, were demanding immediate payments on the delinquent loans.35 To make matters worse, the pope's financial advisors-including George William Cardinal Mundelein, archbishop of Chicago-were predicting a prolonged international depression. The financial end to the papacy, postponed for nearly fifty years, was imminent. Pius XI summoned Cardinal Gasparri and Archbishop Eugenio Pacelli (the future Pius XII) to his chambers in order to finalize the "concordat" with Mussolini.

Cardinal Gasparri was frail and feeble at seventy-eight. His hands shook from palsy and his frame was so bent from a combination of arthritis and osteoporosis that he faced the floor as he walked. The appearance of Archbishop Pacelli, at fifty-two, was even more remarkable. He was tall, slightly over six feet, and incredibly thin at 125 pounds. His eyes were large and black behind the gold-rimmed spectacles that rested on his aquiline nose. Pacelli had long, tapering fingers that were accentuated by meticulously manicured fingernails. His voice was high and shrill, and he spoke with such painfully precise enunciation that he appeared to stammer. But the most striking aspect of his appearance was the ashen pallor of his complexion. His countenance was that of an invalid who had spent his life in a darkened bedroom.

Pius XI told his two advisors that the agreement with the Fascists must be modified in accordance with the audit of the Apostolic Camera. Archbishop Pacelli reminded the pope that Mussolini, in preliminary conversations for an accord, had pledged $50 million in government bonds, in addition to the other benefits, including the recognition of the Vatican as a sovereign state, a country unto itself. But the pope insisted, there must be significant cash contribution not only into the papal treasury but also into his private purse.16 Pius XI went on to express his concern for the source of Church revenue for the next years, the next five years, the next ten. He mentioned that Cardinal Mundelein of Chicago had raised a twenty-year loan of $1.5 million, using Church property as collateral and that the money already had been spent.37

The pope next spoke of the predictions about the collapse of Italy's economy that had been made by Bernardino Nogara, the Vatican financial advisor and chief administrator of the Inter-Allied Reparations Committee. The terms of the agreement, he said, must be concluded immediately-before the start of the season of Lent. Once the season of fasting and abstinence began, such negotiations would be inappropriate.

Cardinal Gasparri and Archbishop Pacelli, upon gaining leave of the pope, sent urgent messages to Mussolini. For the sake of both parties, Church and State, the Vatican Question must be settled before Ash Wednesday, they said.

Mussolini immediately agreed to the terms, and the signing ceremony was set for February 11, 1929, in the Lateran Palace, near the room where Pope Leo III had crowned Charlemagne as Holy Roman Emperor in 800 C.E.

Several days before the ceremony Pius XI granted Mussolini a private audience to bestow upon the dictator not a crown but a blessing. Wearing the tiara and clutching his crosier, the pope remained on his throne as Il Duce entered the room. He neglected to rise to meet his guest, as popes customarily receive honored heads

of state. But Mussolini seemed oblivious to this slight. The dictator rather fell to his knees to kiss the pope's ring and his bared feet. Pius responded with the mechanical blessing: "Benedicat to omnipotens Deus, Pater, et Films, et Spiritus Sanctus." When Mussolini rose to his feet, the pope was stunned by the dramatic change he saw in Il Duce's appearance. On the bald head of the dictator, a huge cyst had emerged. For a moment the Holy Father almost recoiled with horror. He thought of the mark of the beast as foretold by the Book of Revelation. And there were other changes. A large, dark mole had sprouted from Mussolini's fleshy and thrusting chin. He also noticed for the first time, that the teeth of the dictator were the color of old ivory and widely separated, a sign of malevolence in his native Milan.38 Despite Mussolini's attempt to radiate charm and good will, everything about the Fascist seemed loathsome-including his eyes that seemed pale and lifeless, the eyes (he would later say) "of a serpent."39

The rain was incessant on the day of the ceremony. Mussolini, dressed in carefully tailored morning clothes, signed on behalf of the government; Cardinal Gasparri, in the medieval splendor of his purple robes, signed for the Vatican with Archbishop Pacelli at his side. The ceremony, scheduled to last for several hours, lasted only forty-five minutes.40 The Vatican text was enclosed in a red velvet case with damasked edges. The cover of the case bore the papal coat of arms.

When the news of the agreement broke, church bells rang throughout Rome. People poured into St. Peter's for a mass of thanksgiving. From all corners of the globe, messages of congratulations were sent to Pius XI and Mussolini. The Speaker of the House of Commons in England proclaimed that he was delighted by "the decent compromise Signor Mussolini has concluded with the pope."41 Now Italy was truly united. The Church was in concordance and, it appeared, compliance with the state. The new Rome, as envisioned by Mussolini and his condottieri ("Blackshirts"), was about to become a reality.

A huge crowd of well-wishers improvised a demonstration of jubilation outside the pope's windows, hoping the Holy Father would bless them. But they were disappointed. All the windows of the Vatican remained shut and locked, while Pius XI remained in seclusion.

In Berlin, Adolf Hitler was delighted with the news of the treaty. He wrote an article for Volkischer Beobachter that appeared on February 22, 1929: "The fact that the Curia is now making its peace with Fascism shows that the Vatican trusts the new political realities far more than it did the former liberal democracy with which it could not come to terms." Turning to the German situation, he wrote: "By trying to preach that democracy is still in the best interests of German Catholics, the Center Party is placing itself in sharp contradiction to the spirit of the treaty signed today by the Holy See." Hitler concluded his rant by saying: "The fact that the Catholic Church has come to an agreement with Fascist Italy proves beyond doubt that the Fascist world of ideas is closer to Christianity than those of Jewish liberalism or even atheistic Marxism, to which the so-called Catholic Center Party sees itself so closely bound, to the detriment of Christianity today and our German people."42

In the annals of Roman Catholicism, few documents would prove to be of greater importance than the agreement with Mussolini that came to be known as "the Lateran Treaty." The first section of the treaty-labeled "the Concordat"-provided the Vatican with complete jurisdiction over all Catholic organizations in Italy. These organizations-called "ecclesiastical corporations" in the document-were declared exempt from taxation and state audit. More over, the Vatican was at liberty to create as many organizations as it pleased, all of which would be tax exempt in perpetuity.

This section also declared that Catholicism was "the official religion of Italy" and outlawed propaganda in favor of Protestantism. Catechetical classes that prepared students for the sacrament of

confirmation and full membership in Holy Mother Church were to be held in all public and private schools.

The second section-entitled "the Lateran Pact"-established Vatican City (Stato della Citta del Vaticano) as a sovereign state. The new papal state consisted of the 108.7 acres on Vatican Hill that housed St. Peter's Cathedral, the Lateran Palace, and a cluster of other buildings. It contained thirty squares and streets, four military barracks for the Swiss Guards, two churches (in addition to St. Peter's), and a population of 973 residents-most of whom were celibate priests. As a separate nation, Vatican City also possessed several "extraterritorial holdings" in Italy: three basilicas in Rome (St. Mary Major, St. John Lateran, and St. Paul's), several office buildings, the papal summer palace at Castel Gandolfo (thirteen miles from Rome), and a score of estates from Milan in the north to Reggio in the south.

In return for sovereignty, the Vatican relinquished all claims to the lands that were seized by the national government in 1870 and agreed to establish diplomatic relations with the Italian government.

The final section of the agreement-called "the Financial Convention"-provided a payment of $90 million in cash and government bonds and an undisclosed sum for the pope's "privy purse" as restitution for the former papal principalities.43 The Italian government also agreed to pay the salaries of all parish priests in the country.

With one stroke of the pen, the Vatican went from rags to riches and gained a privileged position at the tables of international money markets where the future direction of the twentieth century would be charted. Ten years later, in 1939, when Hitler invaded Poland, the Roman Catholic Church would become, once again, the richest and, in many ways, the most powerful institution on earth.

# 2
# The Miracle of the Money

> Give to everyone who asks you, and if anyone takes what belongs to you, do not demand it back. Do to others as you would have them do to you. If you love those who love you, what credit is that to you? Even "sinners" love those who love them. And if you dogood to those who aregood to you, what credit is that to you? Even "sinners" do that. And if you lend to those from whom you expect repayment, what credit is that to you? Even "sinners" lend to "sinners," expecting to be repaid in full.
>
> Luke 6:30-34

On the day of the ratification of the Lateran Treaty, Pius XI made two moves that would alter forever the future of Roman Catholicism. First, he created a new financial agency called the Special Administration of the Holy See. The sole function of this agency was to safeguard the "donation of Mussolini" so that the Church's newly found wealth would not be channeled into the pockets of friends and associates of Vatican officials or dissipated on social causes, such as feeding the starving masses or providing shelter for the dispossessed.

Second, the pope appointed Bernardino Nogara, the financial wizard who reorganized the Reichsbank, as the manager and director of the new agency with complete control over investments. At Nogara's insistence, no clerics were assigned to the agency for fear that parochial interest might interfere with financial gain. The sole purpose of the Special Administration of the Holy See was to generate income and to restore the Church to a position of wealth and power.1

For his personal assistants, Nogara chose the Marquis Enrico de Maillardoz and four accountants from leading Italian financial companies. In accordance with Vatican protocol, the pope appointed an ad hoc committee of three cardinals-Pietro Gasparri, Donato Sharrette, and Rafael Merry del Val-to supervise the proceedings of the agency. But the committee served as ecclesiastical window dressing with no authority to override the decisions of Nogara.

Few individuals were more influential in the history of the Roman Catholic Church than Nogara. He was uniquely fitted for the moment, no less than Augustine, Leo I, Francis of Assisi, Thomas Aquinas, and John Cardinal Newman. At the time of his death in 1959, Cardinal Spellman said: "Next to Jesus Christ, the greatest thing that happened to the Church was Bernardino Nogara."2

But less is known about the Vatican's financial wizard than several obscure medieval saints. He was born and raised in Bellano, several miles from Lake Como. Little is known of his parents save for the fact that they appear to have been extremely devoted to the Church. Three of his brothers became priests, and a fourth served as a curator of the Vatican Museum. Throughout his life, Bernardino attended daily mass and weekly devotions, such as the stations of the cross. At noon he paused from his work to recite the Angelus (the angel Gabriel's announcement to the Blessed Virgin Mary), and before retiring at night, he managed to recite all three mysteries of the rosary: the fifty Hail Marys that comprised the Joyful Mysteries, the fifty that made up the Sorrowful Mysteries, and the fifty contained in

the Glorious Mysteries. Many who worked with him mistakenly believed he was a cleric. In several books he is mistakenly identified as a monsignor. But Nogara never entered Holy Orders, not even the lay order of a religious brotherhood.

Professionally, he was trained as a mineralogist and for many years supervised mining operations in England, Greece, Bulgaria, and Turkey. His fellow workers recalled his fastidious dress, his skill as a linguist (Nogara was fluent in eight languages), and his standoffish mannerisms. They also spoke of his photographic memory (Nogara could recite entire cantos from Dante's Divine Comedy) and his ability to compute numbers faster than any adding machine.

Eventually, he entered the service of the Banca Commerciale Italia, where he became a vice president and head of the bank's branch in Istanbul. In this position he gained the trust and confidence of the occupying British forces as well as the Young Turks under Kimal Ataturk, who were pressing for the creation of a new Turkish republic. In his efforts to attract Western investments in Turkey, Nogara became well known in the world of global finance and came to serve as one of the administrators of the Inter-Allied Reparations Committee that participated in postwar negotiations between Austria, Bulgaria, Hungary, and Turkey. From 1924 to 1929 his financial skills came to full play in his efforts to reorganize the Reichsbank in order to stabilize Germany's postwar financial problems. In this capacity he performed an amazing feat of fiscal juggling by reaping the payment of 2.5 billion Deutschmark for annuities from a loan of 800 million Deutschmark.3

In Germany, Nogara came into regular contact with Archbishop Eugenio Pacelli, the papal nuncio to the Weimar Republic, who sought the financier's advise about the Roman Question, the question of restitution for the Italian government's seizure of the Papal States. In the course of their meetings, Nogara convinced Pacelli that the Vatican must abandon the old millennial idea of establishing an

extensive territorial Papal State and seek to become a powerful economic entity through international investments. Only in this way, Nogara insisted, would worldly powers again be compelled to genuflect before the See of St. Peter. In Rome, Archbishop Pacelli conveyed these opinions to Pius XI, who sought the council of the financial wizard, particularly in the preparation of the terms of the Lateran Treaty.

When asked to direct the Special Administration of the Holy See, Nogara agreed to accept under the condition that he be granted a free hand to make appointments without clearing them with a higher authority, to have total control over what to buy and what to sell, and to operate the agency in complete independence from all other Vatican bureaucracies. The headquarters for the Special Administration were established on the fourth floor of the Lateran Palace, next to the private apartment of the pope. Its workings were esteemed to be of such importance that Nogara became the only Vatican official with free and unannounced access to the Holy Father.

As the world fell into the grips of the Great Depression, Nogara's first move as the Vatican's financier was to take over principal interest in Banca di Roma, a firm that had many securities of no call value, that is, securities that would pay little, if anything, if sold on the stock market.4 He then managed to persuade Mussolini to include the bank in the creation of the Institute for Industrial Reconstruction (IIR). This was Italy's answer to the industrial devastation that ravaged the country. The function of the IIR was to capitalize industrial companies to stimulate economic growth. The companies agreed to provide one lira for every two lire raised from the private sector. All investments were secured by the government. Under this arrangement the worthless securities of Banca di Roma were restored to their original value and the Vatican, as the major shareholder, now boasted a fortune of $632 million.

The Banci di Roma deal draws little attention from Church historians. But it represented an important theological development

within the Roman Church. The Holy See was now involved in usury, and usury represented one of the most grievous sins of Catholic tradition. "Usury," wrote St. Ambrose, "is whatever is added to capital." Emperor Gratian used this definition in his drafting of the canon laws of the Church. The practice of earning interest from loans and investments was condemned by the councils of Nicea (324), Carthage (371), Orleans (538), and Clichy (626). This ruling was upheld by the thirty-sixth canon of the Council of Aix (789), and the Third Council of the Lateran (1179) decreed that "usurers shall not be admitted to communion, nor, if they die, to Christian burial; and no priest shall accept their alms." Benedict IX condemned usurers as heretics in his encyclical Vix Perrenit that was promulgated on November 1, 1745. On July 29, 1836, the Holy Office issued a statement to remind Catholics that the condemnation of profits from loans applied to the whole Church and that this fundamental principle of capitalism was anathema to all true believers.

Pius XI, in sanctioning the investment in Banca di Roma, was making a significant break with tradition that would have ramifications for other dogmas and doctrines of the Church-ramifications that would result in the aggiornamento (the modernization process) of Vatican II. Prior to this dramatic departure from the rigid dictates of canon law, the Church held that its teachings were semper eademteachings that were changeless and immutable-teachings that bound its adherents to a certain way of life and bestowed upon them a clearly defined Catholic character. But with the creation of the Special Administration of the Holy See, something remarkable happened. The changeless changed. A practice that had been condemned as the "most grievous manifestation of wanton greed" was now being sanctioned by Holy Mother Church-not for the good of the faithful, but for the cause of its own gain.

With the windfall from Banca di Roma, Nogara purchased IIR stock in the open market so that the Vatican, by 1935, would become the largest shareholder of state-secured businesses in the country, and from holding these shares it would accrue millions in interest.

One such company that the Vatican came to control was Italgas, which became the sole supplier of natural gas to many Italian cities.5 Another was the Societa Generale Immobiliare, one of Italy's oldest construction companies.6 In time, Immobilaire would become an international conglomerate that would serve to topple governments, wreak financial havoc throughout the world, and embroil the Vatican in a host of sensational scandals.

By the outbreak of World War II the Vatican acquired major interests in textiles, steel, mining, metallurgical products, fertilizer plants, farming products, timber, ceramics, railroads, timber mills, pasta products, and telephone and telecommunication companies. The list of such holdings filled over seventy pages of accounting ledgers. Several of these firms produced items that were antithetical to Catholic teachings, including bombs, tanks, and even contraceptives.7 But what was condemned from the pulpit served to enhance the portfolio. In 1935, when Mussolini needed armaments for the invasion of Ethiopia, a substantial proportion of the weapons came from a munitions plant that Nogara had purchased for the Holy See.

After gaining majority control of leading Italian companies, Nogara handpicked trusted laymen to serve as directors of the various boards and financial managers of the various banks. Many of these trusted individuals were members of the "Black Nobility," members of aristocratic families that had opposed the merger of the Papal States with Italy for the creation of a national government under Giuseppi Garibaldi. The black nobles supported clerical rule by papal officials who customarily wore black cassocks. For his purposes, Nogara turned to such patricians as Massimo Spada, Count Enrico Gellazi, Carlo Pesenti, Antonio Rinaldi, Luigi Mennini, Luigi Gedda, Count Paolo Blumenstil, and Count Francesco Maria Oddesso.8 Nogara also recruited friends and relatives of Archbishop Eugenio Pacelli, including the Archbishop's brother Francisco and his nephews Carlo, Giulio, and Marcantonio Pacelli.9 Through these appointees from these uomini di ficucia ("men of faith"), Nogara could engage in

policy-making decisions of every company so that they would work in tandem to achieve the same objective. To avoid any semblance of impropriety, Nogara's own name remained absent from the lists of officers and board members of the Vatican-owned companies.lo

As Italy remained clutched in the grip of the Great Depression, Nogara began to acquire vast tracts of real estate within and around Rome. By 1935 land possessed by the Vatican measured over 40 million square feet. After the government, the pope, thanks to the success of his new administration, became the single largest landowner in Italy.

But Nogara inevitably returned to his first love: banking. Along with the highly lucrative Banca Di Roma, he acquired for the Vatican outright ownership of a host of medium-sized and small rural banks in southern Italy, along with controlling interest in such major banking firms as Banca Commerciale Italiana, Credito Italiano, Banca Provinciola Lambarda, and Banco Ambrosiano.ll He understood the most basic principle of capitalism, namely, that control of the flow of revenue determines the success of economic enterprises. Through the banks Nogara could channel the flow of cash to Vatican-owned companies and away from the concerns of all competitors. For this reason the Roman Church managed to prosper and thrive through the lean years of the 1930s.

Money poured into the Vatican from all corners of the countryso much cash that Nogara was faced with the problem of concealing the enormous holdings and vast earnings from public scrutiny. The money no longer flowed into the Special Administration for investment in private sector business or deposit in Vatican-controlled banks. The excess revenue was now diverted from the Church's corporations, which were tax-exempt and closed to audit, into Swiss bank accounts so that the money trail would lead to closed books and concealed records.12 The true wealth of the Roman Church would be known to the pope and his trusted advisors. For everyone else the figure would remain a matter of conjecture.

But the "donation of Mussolini" and the financial wizardry of Nogara within Italy would become only one source of the Church's fabulous wealth. A second and equally lucrative source would come from another Fascist dictator. Adolf Hitler, the new chancellor of Germany, was waiting to make a deal with Archbishop Eugenio Pacelli. And Pacelli was on his way to becoming Pope Pius XII.

# 3
# Mammon Triumphant

> No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money.
>
> Matt. 6:24

One week after the collapse of the New York Stock Exchange in October 1929, Archbishop Eugenio Pacelli was summoned to Rome from Berlin, where he had been serving as a papal nuncio. Because of his valuable contributions to the forging of the Lateran Treaty, he was awarded the red hat of a cardinal. Following the ordination ceremony, the Holy See announced that the new cardinal would replace Cardinal Gasparri as the Vatican secretary of state, the second most powerful position in the Catholic Church.

From the moment he took office, Pacelli became a key player in German affairs and the rise of Adolf Hitler. Between 1928 and 1930 in Germany, membership in the National Socialist Party increased from 10 to 24.2 percent. The German Catholic bishops opposed the rise of this "new paganism" by issuing the following prohibitions: (1) Catholics were forbidden to join the Nazi Party and to attend Nazi

rallies; (2) Members of the Nazi Party could not receive the sacraments of the Church and were denied the right to a Catholic burial; and (3) Nazis could not attend funerals or church services in group formation. These prohibitions were supported by pronouncements from the German Catholic Center Party and editorials in the Catholic press.' The widely read Catholic weekly Der Gerade Weg (The Straight Path) published the following statement: "National Socialism means enmity with neighboring countries, despotism in internal affairs, civil war, international war. National Socialism means lies, hatred, fratricide, and unbounded misery. Adolf Hitler preaches the law of lies. You have fallen victim to the deceptions of one obsessed with despotism. Wake up!"'

Hitler realized the importance of establishing good relations with the Vatican. In Mein Kampf he recalled that the German Catholics, united under the Catholic Center Party, had defeated Bismarck's Kulturkampf-the culture struggle against Catholicism in the 1870s. Kulturkampf had erupted in response to Pius IX and the dogma of papal infallibility. Under Kulturkampf religious instruction came under state control; the Jesuits were banished; lay committees took control of church property; and bishops and prelates who resisted the new legislation were fined, imprisoned, and exiled. The policy resulted only in solidifying Catholic opposition to Bismarck's regime-an opposition that crystallized in the formation of the Catholic Center Party.

In his prison cell while writing Mein Kampf, Hitler realized that the Roman Catholic Church, if not placated, could destroy his dream of a Third Reich. "Political parties," he wrote, "have nothing to do with religious problems, as long as these are not alien to the nation, undermining the morals and ethics of the race; just as religion cannot be amalgamated with the scheming of political parties."3 In 1927 Hitler declared that all negative statements about religion were forbidden for tactical reasons and that the National Socialists should not be drawn into a new Kulturkampf.

Cardinal Pacelli, too, was anxious for a rapprochement with Hitler. He realized that a right-wing government in Germany would stand as a bulwark against the spread of Communism; that Church property in Germany must be protected; and that such a union could lead to a financially beneficial concordat, similar to the agreement with Mussolini.

During his many years as papal nuncio in Germany, Pacelli developed a close relationship with Ludwig Kaas, a priest and representative of the Catholic Center Party to the Reichstag. Through Pacelli's intervention, Father Kaas was elevated to the clerical rank of monsignor and became chairman of the Catholic Center Party. Mother Pasqualina, Pacelli's housekeeper, later said that the two men were "extremely close"; that Kaas regularly accompanied Pacelli on vacation; and that the party leader was linked to the Cardinal in "adoration, honest love, and unconditional loyalty."4

In 1930, through arrangements with Kaas, Pacelli met with Heinrich Bruning, a prominent member of the Catholic Center Party who had been elected chancellor of the fragile, new German government that had been formed by a coalition between the Socialists and Catholics. During the meeting in the Vatican, Pacelli lectured Bruning on the virtue of granting Adolf Hitler a prominent place in the cabinet to pave the way for a concordat between the government and the Holy See. Hitler, after all, had been born and raised as a Catholic, had attended monastery school, and had even expressed his desire to become a priest. When Bruning balked at the suggestion, Pacelli fell into a temper tantrum, insisting that if Bruning failed to cooperate, Kaas would have to resign as president of the Catholic Center Party, leaving the new chancellor without key political support. Before taking leave of Pacelli, Bruning expressed his hope that "the Vatican would fare better at the hands of Hitler than with himself, a devout Catholic."s Bruning, after all, had devoted his life to fostering support for the Catholic Center Party and other Catholic causes.

More pressure was applied to the Catholic Center Party to come to terms with the Nazis. In 1932 Bruning was replaced as chancellor by Franz Von Papen, a distinguished papal knight and leading member of the Center Party.

At the urgings of Kaas, Von Papen persuaded German President Paul von Hindenburg-who looked upon the Nazis with complete disdain-to call upon Hitler for the creation of a new cabinet. Hindenburg reluctantly consented and on January 30, 1933, Hitler became the new chancellor of Germany. His first act was to name Von Papen the new vice chancellor. The Nazis, thanks to the clandestine workings of the Vatican, had gained control of the government.

But Hitler could not wield absolute power without the passage of an Enabling Act. This special legislation required approval by twothirds of the Reichstag. Since the Socialists remained in opposition to the National Socialists, Hitler needed the solid support of the Catholic Center Party.

Hitler and Cardinal Pacelli reached a working agreement. Pacelli would use his influence to gain Catholic support for the Enabling Act. Upon receiving such support, Hitler would sign a favorable concordat with Rome. Monsignor Kaas, at Pacelli's urgings, began to lobby for support of the Enabling Act among members of the Catholic party. He informed his constituents that Hitler's pledge to sign a concordat with the Vatican represented "the greatest success that had been achieved in any country for the last ten years."6

The Enabling Act received the full support of the Catholic Center Party and on March 24, 1933, passed into legislation. Two days later the Protestant churches throughout Germany formally acknowledged their acceptance of Hitler and his regime. On March 26 the German Catholic bishops, who had earlier condemned the tenets of National Socialism, now offered a statement of submission before the Third Reich that said: "Without revoking the judgment made in our previous declarations in respect to certain religious-ethical errors, the

episcopate believes it can cherish the confidence that the designated general prohibitions and warnings need no longer be considered. For Catholic Christians, to whom the voice of the Church is sacred, it is not necessary at the present moment to make special admonition to be loyal to the lawful government and to fulfill conscientiously the duties of citizenship, rejecting on principle all illegal or subversive behavior." The Nazi press accepted this statement, despite its ambiguity, as a ringing endorsement of Hitler's policies. In keeping with the conciliatory pronouncement of the bishops, Catholics were now permitted to become full-fledged Nazis, and Nazis, even when appearing as a group in full uniform, were admitted to the sacraments.

One week later Kaas, in an editorial in the Catholic press, said that Germany was in a process of evolution that required the relinquishment of the "undeniably excessive formal freedoms" of the Weimar Republic for the creation of a strong and secure state. The Catholic Center Party, he wrote, had been compelled to cooperate in this process not only as faithful members of the Church but also as "sowers of the future."s

In response to such displays of support and goodwill, Hitler presented the Vatican with terms of a concordat that exceeded Pacelli's greatest expectations. The agreement, as finalized on July 1, 1933, stipulated that all German Catholics would be bound to the new code of canon law; that Catholic social work would receive state support; and that criticism of Catholic doctrine would be prohibited in schools and public forums. In addition, it offered the Church untold riches in the form of a Kirchensteuer or "church tax" that would be levied on all practicing Catholics in Germany.9 This would prove to be the source of billions in revenue. Unlike the church tax of the past, this tax would be deducted from paychecks in the same manner as a state tax at the established rate of 9 percent of the gross salaries. This enormous boon would produce wealth for the Holy See far in excess of the investments of Nogara, even with his financial brilliance. The Kirchensteuer, combined with the donation of

Mussolini, would solidify the Vatican's political and economic base so that Cardinal Pacelli, when he became Pius XII, would come to wield more power than Innocent III at the height of papal glory from 1198 to 1226.

With such gracious terms came additional demands. The representatives of the Catholic Center Party were obliged by Hitler to commit political hari-kari by the self-imposed dissolution of their political party to make way for the rise of the Third Reich. The order for dissolution came in the form of a semiofficial statement from Pacelli that said: "The determination of Chancellor Hitler to eliminate the Catholic Party coincides with the Vatican's desire to disinterest itself from political parties and confine the activities of Catholics to the Catholic Action Organization outside any political party." After telling the representatives of the Center Party to resign, Pacelli proceeded to instruct them to be loyal Catholics by being loyal to the Nazi party:

> On account of the exclusion of Catholics as a political party from the public life of Germany, it is all the more necessary that Catholics, deprived of diplomatic representation, should find in the diplomatic pacts between the Holy See and the National Socialist Government guarantees which can assure them ... the maintenance of their position in the life of the nation. This necessity is felt by the Holy See and is a grave responsibility before the German Catholics.'0

Der Fuhrer added another stipulation to the concordat to which the Holy See agreed. In accordance with article 16, Catholic bishops throughout Germany were obliged to take the following oath before the Reichsstatthalter (the flag of the Third Reich): "I swear before God and upon the Holy Gospels and promise, as becomes a bishop, to be loyal to the German Reich and the State. I swear and promise to respect the constitutional government and to have it respected by my clergy.""

In a meeting with his cabinet on July 11, 1933, Hiltler outlined the "three great advantages" of the concordat for the Reich. These

advantages were recorded in the minutes of the meeting as follows:

1. That the Vatican had negotiated at all, while they operated, especially in Austria, on the assumption that National Socialism was un-Christian and inimical to the Church;

2. That the Vatican could be persuaded to bring about a good relationship with this purely National German State. He, the Reich Chancellor, would not have considered it possible even a short time ago that the Church would be willing to obligate the bishops to this State. The fact that this had now been done was certainly an unreserved recognition of the present regime;

3. That with the Concordat, the Church withdrew from activity in associations and parties, e. g., also abandoned the Christian labor unions. This, too, the Reich Chancellor would not have considered possible even a few short months ago. Even the dissolution of the Center Party could be termed final only with the conclusion of the Concordat, now that the Vatican had ordered the permanent exclusion of the priests from party politics.12

At the conclusion of the cabinet meeting, Hitler noted that the concordat had created an atmosphere of trust and support for the Third Reich that would be of great significance "in the urgent fight against international Jews."13

The concordat was formally signed in the Secretariat of State on July 20, 1933. Von Papen signed for the German government; Cardinal Pacelli for the Vatican. After the ceremony, gifts were exchanged. Pacelli received a Meissen Madonna, Von Papen a papal metal, and the Holy See a gift of 25,000 lire from the German Embassy in Rome.

Hitler was ecstatic. In a letter to the Nazi Party of July 22, 1933, he wrote: "The fact that the Vatican is concluding a treaty with the new

Germany means the acknowledgement of the National Socialist State by the Catholic Church. The treaty shows the whole world clearly and unequivocally that the assertion that National Socialism is hostile to religion is a lie." 14

The Holy See was also pleased. Archbishop Cesare Orsenigo, the papal nuncio to Germany, celebrated a solemn high mass of thanksgiving for the ratification of the concordat at St. Hedwig's Cathedral in Berlin. At the conclusion of the liturgy, as Nazi banners waved with Catholic flags, the congregation sang "Horst Wessel," the official anthem of the Nazi Party. The lyrics of the anthem, sung to the tune of the Christian hymn "How Great Thou Art," were as follows:

Flag high, ranks closed,
The S.A. marches with silent solid steps.
Comrades shot by the red front and reaction
March in spirit with us in our ranks.

The street free for the brown battalions,
The street free for the Storm Troopers.
Millions, full of hope, look up at the swastika;
The day breaks for freedom and for bread.

For the last time the call will now be blown;
For the struggle now we all stand ready.
Soon will fly Hitler-flags over every street;
Slavery will last only a short time longer.

Flag high, ranks closed,
The S. A. marches with silent solid steps.
Comrades shot by the red front and reaction
March in spirit with us in our ranks.[15]

The song was relayed through loudspeakers to the thousands who had gathered outside the cathedral.

As money from the Kirchensteuer began to pour into the papal coffers, Pacelli turned a blind eye to the atrocities committed against the Jews, stating that such matters were issues of German internal affairs, and to the execution of leading Catholic lay leaders, including Erich Klausner, head of Catholic Action; Dr. Edgar Jung, also prominent in Catholic Action; Adalbert Probst, leader of the Catholic sports organization; and Fritz Gerlich, editor of Der Gerade Wee. ib The executions took place during the "Night of the Long Knives" on June 30, 1934, when Hitler purged the Reich of Ernest Rohm and members of the SA (Sturmabteilung or "storm troopers") who had expressed misgivings over the direction in which the Fatherland was headed. Also murdered that night were Hitler's political enemies, including the above-mentioned Catholic laymen, whose names appeared on "The Reich List of Unwanted Persons." 17

Eventually, in January 1937, three German cardinals (Adolf Bertram, Michael Von Faulhaber, and Karl Josef Schulte) and two German bishops (Clemens August von Galen and Konrad von Preysing) arrived at the Vatican to plea before Pius XI for a vigorous protest against the Nazi harassment of the Catholic Church. The harassment, the members of the German hierarchy said, was evidenced by the suppression of Catholic associations (including diocesan "sewing circles" for winter relief) and the restrictions on the Catholic press.

Pius XI received the delegation in his bedroom. The pope was ill with diabetes, heart disease, and ulceration of the legs and remained in bed "almost unrecognizable, pale, emaciated, his face deeply lined, and his eyes swollen and half-shut"'s as the delegates spoke.

At last the ailing pope resolved to issue an encyclical to the faithful about the plight of the Church in Germany. Written by Faulhauber and edited by Pacelli (who was obliged to serve the Holy Father), Mit brennender Sorge ("With Deep Anxiety") was read from pulpits throughout Germany on Passion Sunday, March 14, 1937. It began with these words: "With deep anxiety and increasing dismay, we have

for some time past beheld the sufferings of the Church in Germany." In place of true belief in God, the encyclical said, there existed a deification of race, people, and state. It warned the German bishops to be on their guard for pernicious practices that must arise from such teachings. Although the encyclical is cited as proof of the Vatican's opposition to the Third Reich, it contained no explicit condemnation of anti-Semitism and failed to mention National Socialism and Adolf Hitler by name.

Upon expressing grave concerns over the issuance of the encyclical, the German diplomat to the Vatican was comforted by a smiling Pacelli, who assured him that "normal and friendly relations" with Hitler and Nazi officials would be restored as soon as possible.19 But this promise was about to be broken. In the summer of 1938 Pius XI decided to issue a harsh condemnation of Hitler's anti-Semitism in an encyclical that was to be called Humani Generis Unitas ("On the Unity of the Human Race"). The pope was prompted to such action not by newly found love for the "perfidious" Jews but rather by reports about Hitler's confiscation of convents and religious houses in retaliation to charges of nuns and priests molesting young children. Like his previous encyclical, Pius XI's new letter represented not a polemic against anti-Semitism but a criticism of Nazi terrorist tactics.

The new encyclical was prepared by Jesuit scholars in Rome and completed on February 10, 1939. One of the drafters of the document was Fr. John La Farge, a young Jesuit from the United States.20 The author of a celebrated work on segregation entitled Interracial Justice, La Farge had been summoned by the Vatican to serve as a papal secretary.

If La Farge had not been involved in the preparation of Humani Generis Unitas, no one would know that this encyclical had been prepared for publication. The Jesuit proved to be an inveterate pack rat who saved all of his papers, including his class notes from Harvard. La Farge also kept drafts in French of the final encyclical

and cryptic notes in which he referred to Pius XI as "Fisher One" and Pius XII as "Fisher Two."

After Le Farge died in 1967, Thomas Breslin, a Jesuit seminarian, came upon the draft of the papal letter while sorting through his former mentor's papers. News of the lost encyclical was reported in the National Catholic Reporter in 1972, but the Vatican dismissed the story as a fabrication.2' Two Belgians-Georges Passelecq, a Benedictine monk, and Bernard Suchecky, a Jewish historianrefused to accept the Vatican's dismissal, and based on the notes of Le Farge, set out in search of the "lost encyclical." In 1997 they found an extant copy among the papers of Cardinal Eugenio Tisserant, who had served Pius XI as dean of the Sacred College. After Tisserant died on February 21, 1972, his papers were removed from the Vatican and conveyed to Switzerland, where they were locked in the vault of a Swiss bank. This was done in accordance with the cardinal's instructions. Tisserant confided to his intimate friends that his papers contained "bombshells" that could rock the Vatican on its foundations. One "bombshell" was a copy of the encyclical that Vatican officials continued to insist had never been written.22

News of the "lost encyclical" caused a sensation in academic and ecclesiastical circles and led to a reassessment by scholars of the relationship between Nazi Germany and the Vatican. Many scholars, including Thomas Breslin, who discovered the original draft, now believe that the publication of the encyclical would have saved "hundreds of thousands, or millions, of people's lives."23 They argue that the pronouncement from the pope would have upset the political support of almost one-third of the Germans, who were devout Roman Catholics, to say nothing of Nazi sympathizers throughout the world. Such a reaction, they insist, could have caused Hitler to reconsider his war plans and saved millions from the death camps.

The encyclical condemned the "struggle for racial purity that targeted the Jews for acts of inhumanity." It maintained that the persecution of the Jews is "in every way reprehensible." Although the

encylical upheld the traditional Catholic enmity toward Jews as a people "blinded by their dreams of worldly gain and material suc cess," it cried out for attention to their plight by saying: "Denied legal protection against violence, innocent persons are treated as criminals even though they have scrupulously obeyed the law of their native land. Even those who in time of war fought bravely for their country are branded as traitors and the children of those who laid down their lives in their country's behalf are branded as outlaws by the very fact of their parentage."

Pope Pius XI, according to Cardinal Tisserant, intended to promulgate the encyclical on February 12, 1939. Preparations were made for the announcement. The original manuscript was placed on the pope's desk for signing, and copies were printed by the Vatican press for circulation to bishops and priests throughout the world .2' In preparation of this event, he called for a meeting of the Italian hierarchy on February 11.

The pope's change in attitude toward Hitler most likely was not a result of the reported "persecutions" of the Church by German bishops. Such persecutions were far from severe or intolerable, consisting, for the most part, of the suppression of Catholic associations that were deemed to be political in nature and outlawed by the concordat and the censorship of inflammatory editorials and columns against the Third Reich in the Catholic press. His decision to issue the encyclical may have been caused by his desire to denounce the forces of evil-forces that he had helped to unleash-before his impending death. Two days before his death Pius XI was reported as pleading with his physicians to keep him alive: "I want to warn Catholics everywhere not to support Hitler and Mussolini. It might help to stop the outbreak of the war. Let me live another forty-eight hours! "21

Cardinal Tisserant added in his journal that a few Vatican officials, including Cardinal Pacelli, were highly concerned about the release of the encyclical and its effect on the Vatican's relations with Nazi

Germany. They were most particularly concerned with the fact that Hitler might terminate the Kirschensteuer, which was now producing for the Holy See nearly $100 million a year.

But the encyclical never saw the light of day. Pius XI died on February 10, one day before his scheduled meeting with the hierarchy. The pope was old and gravely ill with heart congestion. Yet myste rious circumstances surround his death, circumstances that are documented by Cardinal Tisserant in his journals and give rise to the reports of evil deeds within the Vatican.

Tisserant's journals are voluminous and, like the lost encyclical, are only beginning to come to light.

Dr. Francisco Petacci, according to Tisserant, became the official physician to Pius XI in February of 1939. From the moment he assumed the position, Tisserant says, Dr. Petacci acted "with extreme circumspection" and became resentful when additional physicians were called for consultation. He demanded to be present when they examined the pope and dismissed their recommendations for treatment.26

Despite protests from Dr. Petacci, four physicians were asked to remain in semipermanent attendance to the pope, in addition to two nurse friars. Under the supervision of the medical team, the pope's condition appeared to improve and his condition was listed as "fair."27 But between February 8 and 9 the pope's condition worsened, and Tisserant and the other cardinals were told to prepare "for the worst."28

In the evening of February 9, the Pope seemed to recover and his condition was listed as "well." Tisserant and the other cardinals issued a sigh of relief, thinking that the Holy Father would be able to issue the new encyclical, and plans got underway for the Holy Father's audience with the Italian bishops on February 11.29

At 5:30 A.M. February 10, the pope was pronounced dead. Nobody appears to have witnessed the death of the pope. He seemed to have expired without anyone at his side. The only person who had access to the pope's apartment immediately prior to his death was Dr. Petacci.

Dr. Petacci and Cardinal Pacelli, according to Tisserant, immediately gave an order for the body to be embalmed.-30 This was in violation of sacred tradition. No pope has been subjected to embalming, not even popes who had died in the midst of summer and whose remains had badly decayed before burial.

At 6:19 A.M. Cardinal Tisserant appeared at the door to the papal apartment. When he asked about Pius XI, he was told that the condition of the papal patient had turned "serious."31 In his journals Tisserant says that he carefully noted the time. Later he would realize that the Holy Father had been dead for forty-nine minutes before he had been told that the pope's condition had become "serious." He would also realize that while he and the other cardinals were sitting outside the papal apartment praying for the pope's recovery, preparatory measures were underway for the embalming of the body.

Tisserant insists that the only individuals who entered the papal bedroom for the next two hours were Dr. Petacci and Cardinal Pacelli. At last, Tisserant and the other cardinals were summoned into the papal bedroom, where Pacelli, acting in capacity as Carmerlengo (the cardinal in charge of the Vatican when a pope dies), uttered the official pronouncement that the pope was dead. In accordance with tradition, Pacelli then kissed the forehead and hands of the body of the Holy Father.

In his journals, Tisserant recalls that the face of Pius XI was "distorted" and that the body bore "strange bluish markings." He further notes that these markings seemed to be covered with a white powder to make them appear "less blue."" Tisserant asked for an autopsy. But his requests fell upon deaf ears. Pacelli, who as Carmerlengo remained in charge of the funeral and burial, would not

grant permission and remained "stony" and "impassable" before Tisserant's pleas.

In his journals, Tisserant drops the second bombshell by writing in his native French, "Its lout assassine"-"They have assassinated him." Who, according to Tisserant, were the assassins? Cardinal Tisserant clearly suspected Pacelli and Dr. Petacci, especially after he came to discover that Petacci's daughter was Mussolini's favorite mistress-Claretta Petacci, an Italian starlet. Tisserant also believed that Monsignor Umberto Benigni, who acted as Pacelli's secretary, was involved in the conspiracy. His suspicion of Monsignor Benigni was well founded. After the war, Benigni was revealed to have been an official of the OVRA, the Fascist Secret Police, who regularly reported developments within the Holy See to Nazi officials.33

Throughout his long career as a Prince of the Church, Tisserant would repeat this accusation to confidants. He also expressed his fear that Vatican officials might seize his journals after his death in order to destroy his revelations about the encyclical and the strange events surrounding the demise of Pius XI.

On March 2, 1939, the college of cardinals elected Eugenio Pacelli as Pope Pius XII. It was the swiftest conclave in three hundred years, lasting only one day. Pacelli received sufficient votes for election on the second ballot, but he asked for a third ballot to confirm the will of the cardinal-electors. Tisserant voted against Pacelli to the bitter end.

# 4
# The Formation of the Vatican Bank

Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where moth and rust do not destroy and where thieves do not break in and steal. For where your treasure is, there your heart will be also.

Matt. 6:19-21

The Instituto per le Opere di Religione (The Institute for Works of Religion, IOR), commonly known as "the Vatican Bank," is one of the world's most mysterious institutions. It operates from a tower in the heart of Vatican City. To reach the tower you must pass through the Santa Anna Gates to the right of Bernini's colonnade, past the Church of Santa Anna on the right and the Swiss Guards barracks on the left. The tower stands beside the wall of the Apostolic Palace facing the Vatican Polyglot Printing House. It was built nearly 650 years ago as part of Pope Nicholas V's plans for the defense of the Holy See against republican uprisings. Only a select few may enter. The entrance remains protected by Swiss Guards. The Vatican Bank remains closed to outsiders, even many high-ranking members of the Catholic clergy.

In recent years the Vatican Bank has become the source of international scandals involving billions of dollars and a considerable amount of bloodletting. It has been the subject of numerous investigative reports and sensational best-sellers. The Vatican Bank remains the target of hundreds of lawsuits, several filed by Holocaust victims over the Vatican's possession of Nazi gold, its operation of Nazi "ratlines,"and its laundering of ill-gotten gains.

Yet the Vatican Bank remains impervious to lawsuits and charges of criminal misconduct. It represents a fiscal agency of a sovereign state. As such, it cannot be compelled to redress wrongs-not even the most egregious violations of international law. The only way it can be made vulnerable to litigation is by the designation of Vatican City as a "rogue state" and the Vatican Bank as a "rogue institution." This requires that it be established that the Roman Catholic Church is a corrupt organization and, as such, subject to prosecution under Racketeer and Corrupt Organization (RICO) statutes, which in recent history have been enacted against members of organized crime families.

Despite its claims otherwise, the Vatican Bank is not a branch of the State of Vatican City (Stato Bella Citta del Vaticano). It exists as an entity unto itself without corporate or ecclesiastical ties to any other agency within the Holy See. It is under the direct supervision of the pope. He is the one and only stockholder. He owns it; he controls it.'

Unlike any other financial institution, the Vatican Bank is audited by neither internal nor outside agencies. Its worth remains a matter of conjecture, even for members of the College of Cardinals. There is not a scrap of its papers among all the other bureaucracies of the Roman Church-not even ecclesiastical financial agencies-that attests to its assets or accounts. In 1996 Cardinal Edmund Szoka, the internal auditor of the Holy See, told investigators that he has no authority over the Vatican Bank and has no knowledge of its operations.2

Even more bizarre, the Vatican Bank destroys all records every ten years so that its workings will remain free and clear of public and private scrutiny. Anyone seeking information regarding the bank, even its corporate structure, will discover little more than empty file folders within the Vatican archives.

The inner workings of the Vatican Bank are incredibly complex with trails of paper flowing among three separate and distinct boards of directors. One board consists of high-ranking cardinals, the second of prominent international bankers, and the third of Vatican financial officials. Its bylaws, called chirographs, are filed with the Holy See. But even these records cannot be subpoenaed for inspection. They remain confidential matters of the sovereign state that may be inspected only by special permission from the pope.3

The Vatican dutifully publishes financial reports on a yearly basis. The reports, displaying modest gains and losses, appear to be exhaustive. They contain meticulous records of the incomes and expenditures of every agency within the Holy See-every agency, that is, except the Vatican Bank. The name of this agency never appears

on any balance sheet. From all published reports, it would seem that this ecclesiastical corporation is nonexistent and the Roman Catholic Church exists as a charitable, hand-to-mouth institution. In 1990, for example, the Vatican displayed a deficit of $78 million.4 While making this claim, it made no mention of the holdings, estimated to be far in excess of $10 billion,s within the vault of the Vatican Bank.

Investigators following the paper trail within the Holy See inevitably come to a dead end. All internal documents and external statements contain statements exempting the Vatican Bank, or IOR, from any ruling or standard of procedure. They are punctuated by such phrases as "always leaving intact the special character of the IOR," "not including the IOR," or "with full respect for the juridical status of the I0R."6 Not even top Vatican officials can gain a glimpse at the treasures within the vault. In 1967 Pope Paul VI created a general accounting office within the Vatican called the Prefecture of the Economic Affairs of the Holy See. The main purpose of this office was to produce an annual statement of the assets and the liabilities of Holy Mother Church. The pope placed Cardinal Egidio Vagnozzi, one of his closest friends, in charge of the new department. But Cardinal Vagnozzi was immediately handicapped in his endeavor. He was forbidden to make inquiries into the assets of the Vatican Bank. Such information was privy only to the Holy Father. This led Cardinal Vagnozzi to comment: "It would take a combination of the KGB, the CIA, and Interpol to obtain just an inkling of how much and where the monies are."7

Because of its clandestine workings, millions may be deposited into the Vatican Bank and disappear into numbered Swiss bank accounts. This proved an ideal means of dealing with fraudulent securities, Mafia money, and Nazi gold.

Its origins can be traced to March 9, 1939, when Pius XII (former Cardinal Eugenio Pacelli), ascended to the papal throne. Unlike his predecessors, the new pope insisted on a grand ceremony in St. Peter's Basilica, rather than a solemn ceremony in the Sistine

Chapel. Moreover, he insisted that the event be broadcast from the newly established Vatican radio station to stations throughout the world. In addition, Pius XII, after receiving the pallium (the woven investment worn by popes), was crowned with the papal tiara. He was the first pope to wear the three crowns in more than one hundred years. The first crown represented the Church militant, the second the Church suffering, and the third the Church triumphant. The crowning was performed on the loggia overlooking St. Peter's Square before a vast crowd as the choir sang "A Golden Crown upon His Head." Few could doubt that the days of papal majesty and imperialism had returned.

The ceremony, for which "no expense was spared," provided telling insight into the mind-set and personality of the new pope. Pius XII possessed no small degree of charisma, and most people who met him were drawn to his congenial manners and ready smile. His skin, according to Vatican correspondent Gerrado Pallenburg, "had a surprisingly transparent effect as if reflecting from inside a cold, white flame." English writer James Lees-Milne recalled: "His presence radiated a benignity, calm, and sanctity that I have certainly never before sensed in any human being. I immediately fell head over heels in love with him. I was so affected that I could scarcely speak without tears and was conscious that my legs were trembling."9

Despite his mild-mannered demeanor, Pius XII commanded absolute respect and obedience from his subjects. Vatican bureaucrats were commanded to take telephone calls from him on their knees. He always dined alone and servers were obliged to attend to his needs in perfect silence.'" When he went on afternoon walks, the gardeners and caretakers were obliged to hide in the bushes. No one was allowed to question his opinions or to challenge his point of view. "The pope's voice," he told the Curia, "is the voice of the centuries, the voice of eternity."

Pius XII saw himself not as a mortal man but as the infallible vicar of Christ who had been singled out by God to rule over Holy Mother

Church. To establish his authority, he made the infallible pronouncement that the Virgin Mary, since she had been conceived "without sin," never died but was physically assumed into heaven. This teaching has no basis in scripture or primitive Christian tradition. It was granted veracity simply by the spiritual authority of the supreme pontiff. The only other pope to make an infallible pronouncement was Pius IX in 1854.

To substantiate his saintliness and semidivine status, Pius XII claimed to receive special messages from heaven. On several occasions while walking through the Vatican gardens, the pope maintained that he beheld "the prodigy of the Valley of Fatima." The sun appeared to descend and ascend to and from the earth like a fiery yo-yo. It then seemed to gyrate and convulse in the sky, sending the Holy Father "mute but eloquent" messages from heaven." The miracle allegedly occurred on three consecutive days: October 30, 31, and November 1, 1950. Giovanni Sefanori, a papal attendant who accompanied Pope Pius on these occasions, later confessed to seeing nothing.'2 Two years later the Holy Father would claim that Jesus Christ appeared in his chambers to pay a morning visit.

After the coronation the first concern of the new pope was to send greetings to "the Illustrious Herr Adolf Hitler, Fuhrer and Chancellor of the German Reich," and to strengthen papal ties to the Reich with the appointment of Archbishop Cesare Orsenigo as the papal nuncio in Berlin. On April 20, 1939, the pope ordered Orsenigo to appear at a party in Berlin in celebration of Hitler's fiftieth birthday. The nuncio conveyed "warmest congratulations" from the Holy Father and the assurance that Catholics throughout Germany were offering fervent prayers for the Fuhrer and his Reich."

Pius XII's second concern was to scrutinize the activities of Bernardino Nogara and the Special Activities of the Holy See. Rumors were rampant throughout the Vatican that Nogara had frittered away the donation of Mussolini in failed business ventures; that the financier had feathered his own nest; and that he was in

league with enemies of the Church, including an ultrasecret Masonic lodge. The pope appointed an ad hoc committee of three curial cardinals to rake through the files of the Special Administration, to interrogate the employees, to summon witnesses, and even to question Nogara himself.14 In addition to the ad hoc committee, Pius XII ordered a team of investigators to probe into all aspects of Nogara's personal life, his friends, his haunts, and his habits.

The results of the investigations were mind-boggling. Nogara was the proverbial Mr. Cellophane. He simply had no personal life or peculiar interests. He lived in a modest apartment in Rome, kept a strict daily routine, read financial journals and several international newspapers, and on Sunday afternoons went to the movies. He liked American films with such stars as Tyrone Power and Rita Hayworth. He never solicited sex nor read salacious publications. He kept less than $5,000 in his savings and checking accounts and was a major contributor to Catholic charities. Throughout the workday he conducted business with high-profile financiers worldwide. His closest friends were Giuseppe Nogara, his uncle who served as Archbishop of Udine on the Italo-Yugoslav border, and several members of the "Black Nobility," including Massimo Spada, Count Enrico Galleazi, Antonio Rinaldi, Count Paolo Blumenstil, and Baron Francesco Maria Oddasso.Is He was extremely devoted to the Church and never missed morning mass or afternoon devotionals. Beside his bed, he kept a copy of Dante's The Divine Comedy and a daily missal. The man who was called "the gnome of the Vatican" 16 emitted not even a faint scent of scandal.

Equally fascinating were the findings of the ad hoc committee. Nogara had drawn a salary only to meet his modest needs (less than $2,000 annually). He had no association with anti-Catholic circles, let alone a Masonic Lodge. And the original indemnities of $90 million that had been placed in his care topped $2 billion in value. The Vatican, the three cardinals reported, was better off than any time in remembered history.

"Ma come?" Pius XII is reported as asking upon receiving the report. "How did he do it?" The cardinals allegedly shook their heads in unison. "From point A to point B, we have understood it all," they told the Holy Father. "But, you know, Holiness, this Nogara has gone through the entire alphabet. And we are just ignorant cardinals." 17

Pius XII never again questioned the character or judgment of Nogara. He saw in the taciturn banker a worldly image of himself: a man who strove simply to strengthen the position of Holy Mother Church. The two now worked hand in hand. Nogara produced millions from his uncanny international investments, and Pius millions from the collection of Peter's Pence (the tax on all Catholic dioceses) and, most lucrative of all, the Kirschensteuer from Nazi Germany. In addition, money came pouring into the Special Administration from Italian businessmen who wished to transfer funds to Switzerland or elsewhere to escape government scrutiny. Such funds made Nogara aware of the need of another financial agency within the Vatican, an expanded form of the Special Administration of the Holy See that could invest and broker the funds of the ecclesiastical bodies within the Church and provide special services, at a considerable profit, for trusted friends.

Nogara approached Pius XII with the idea. It involved no risk. The Special Administration, fat with earnings from Mussolini's Italy and Hitler's Germany, could easily capitalize the venture. Moreover, it promised the papacy as much economic independence as it enjoyed when it was a great temporal power with extensive territory.

On June 27, 1942, the sixty-six year-old Pius XII and the seventy-two year-old Nogara signed an agreement that brought into being the Institute for Religious Agencies. Its charter stated that its purpose was "to take charge of, and to administer, capital assets destined for religious agencies." 18 Agencies was understood in the broad sense as any party that served the interest of the Holy See, even if the interest was simply monetary gain. Monsignor Alberto di Jorio, Nogara's assistant at the Special Administration, was named

president and elevated to the rank of cardinal. Two clerics were named as his assistants. Nogara bore the special status of a "delegato," with power to oversee all aspects of the operation.19

As an ecclesiastical enterprise, the CEO of the new bank was the pope. He remained the absolute ruler of the fully sovereign State of Vatican City, the supreme head of Roman Curia, and the final arbitrator of right belief. The pope, upon his election, was answerable to no one; no one could challenge his authority; and no one-not even any ecumenical council-could remove him from office. The Roman Catholic Church, then as now, represented an absolute monarchy with lines of authority leading to and from the papacy. Every official within the Catholic Church-every cardinal, every bishop, every prelate, along with every banker and bureaucrat-was appointed to his office by the pope. Their authority to conduct Church business came from the pope's authority as the vicarious representative of Jesus Christ on earth. By the wave of his hand, the pope could also dismiss workers and clerics. Even Nogara with his great knowledge of investments and worldly affairs remained in status a vassal in his court, a lackey at his bidding. Pius XII retained the power to use the Church's vast fortune for good or ill. He no longer could summon great armies to obey his command and vanquish his enemies, but he could muster an incredible fortune to enforce his will so that the leaders of the Western world, again, would fall to their knees before the throne of St. Peter.

# 5
# Catholic Croatia and Nazi Gold

What good will it be for a man if he gains the whole world, yet forfeits his soul? Or what can a mangive in exchange for his soul? For the Son of Man is going to come in his Father's glory with his angels, and then he will reward each person according to what he has done.

Matt. 16:26-27

As the fortune came from the Fascists, Pius XII also saw in the -Axis a new way to expand his spiritual domain to the east. On April 6, 1941, Hitler invaded Yugoslavia in conjunction with his assault on Greece, bombing the open city of Belgrade and killing five thousand civilians. When the Wehrmacht entered Zagreb in triumph on April 10, Hitler ordered the partitioning of the defeated country. Catholic Croatia was detached from the rule of Orthodox Serbia. The new country was also granted "Aryan" status, and established as an independent nation under Ante Pavelic and his army of fascist thugs who were known as the Ustashi, from the verb ustati meaning to "rise up." On April 14 Archbishop Alojzije Stepinac, the primate of Croatia, went to meet personally with Pavelic at Zagreb and to offer his congratulations for the Fascist victory. Church bells pealed throughout the new nation with triumphant joy and the Catholic press published this paean to Pavelic and Hitler:

> God who directs the destiny of nations and controls the hearts of kings has given us Ante Pavelic and moved the leader of a friendly and allied people, Adolf Hitler, to use his victorious troops to disperse our oppressors and enable us to create an Independent State of Croatia. Glory be to God, our gratitude to Adolf Hitler, and infinite loyalty to chief Ante Pavelic.1

Few developments were of greater importance to Pius XII. Croatia represented a unique political venture, an opportunity to realize the dream of the Crusades: the creation of a Catholic Kingdom in the Balkans. Pavelic and the Ustashi even appointed the duke of Spoleto as Tomislav II, the puppet king of Croatia.

The pope received the new king one day before the coronation and met with Pavelic in private for several hours. He then blessed Pavelic's prime minister and the entire Ustashi delegation, including members of the Great Crusaders' Brotherhood whose task was to convert the Orthodox Serbs to Roman Catholicism.2

In accordance with traditional Catholic teaching, the new state was governed by civil and religious authority. Ante Pavelic, as the leader of the Ustashi, was hailed as the fuhrer of New Croatia and solemnly blessed by Archbishop Stepinac in a ceremony at the Cathedral of Zagreb. Pavelic reciprocated by appointing Stepinac the Supreme Military Apostolic Vicar of the Ustashi Army. On June 28, 1941, Stepinac held a service of sanctification to bless Pavelic as the leader of the Croatian people. "While we greet you cordially as head of the Independent State of Croatia," the archbishop said, "we implore the Lord of the stars to give his divine blessings to you, the leader of the people."3 These were strange words to be coming from an official spokesman for the Church. Pavelic was neither a benign shepherd nor a peace-loving ruler. The Croatian dictator had been sentenced to death in absentia by Yugoslav and French courts for the political assassinations of King Alexander of Yugoslavia and Louis Barthou, the French Foreign Minister.

With the archbishop in tow, Pavelic set out to cleanse the new nation of all religious and genetic impurity in order to create a model Fascist Catholic nation. All institutions were compelled to conform to the letter and the spirit of canon law. On April 25, 1941, Pavelic decreed that all publication of works in Cyrillic script (as used by the Orthodox Serbs) was forbidden. Over the next month anti-Semitic laws were passed, describing Jews in racist terms, prohibiting the marriage of Jews to Ayrans (such as the Catholic Croats), and instituting the "Aryanization" of bureaucracies, the professions, and the universities. By the end of May the first Jews were deported from Zagreb to a concentration camp in Danica.4 At the same time, political opponents of the Ustashi-Communists, Socialists, and Liberals-were banished or imprisoned. Trade unions were abolished, freedom of speech was suppressed, and the press became the voice of Pavelic's regime. Nuns and priests marshaled children to march in semimilitary formations and to salute images of Pavelic, Hitler, and Mussolini. Catholic doctrine became compulsory in all schools and all government agencies. Jews were compelled to wear the Star of David on their clothes. Orthodox Serbs were forbidden to hold public

office, to teach in schools, and to work in factories. Signs appeared at the entrance to parks and on all means of public transport that read: "Entry forbidden to all Serbs, Jews, Gypsies and dogs."5

Such measures were not sufficient to realize the dream of a New Croatia. A new policy of mass murder of all "undesirables" was adopted. "Undesirables" were defined simply as all individuals who were not "Aryan" and not members of the Roman Catholic Church. On June 2, 1941, Minister of Justice Milovan Zanitch declared: "This State, our country, is only for the Croats, and not for anyone else. There are no ways and means which we Croats will not use to make our country truly ours, and to cleanse it of all Orthodox Serbs. All those who came into our country 300 years ago must disappear. We do not hide our intention. It is the policy of our State, and during its promotion we shall do nothing else but follow the principles of the Ustashi."6 On July 22, 1941, Minister of Education Mile Budak offi cially confirmed the plan of genocide by saying: "We shall kill one part of the Serbs; we shall transport another; and the rest will be forced to embrace the Roman Catholic religion. This last part will be absorbed by the Croatian elements."7

The plan for ethnic cleansing was ambitious. The new State was composed of a vast number of racial-religious groups that had to be eliminated. Out of a population of 6.7 million, only 3.3 million were Croat Catholics. Over 2 million Orthodox Serbs inhabited the country, along with 700,000 Muslims, and 45,000 Jews.8

Within a matter of months, the death camps became fully operational at such places as Djakovo, Stara Gradiska, Krapje, Gradina, Brocice, and Velika Kosutarica. From December 1941 to February 1942, 40,000 Serbs were executed at the notorious Jasenovoe Camp, the Ustashi answer to Dachau. By summer the camp displayed a much greater efficiency. Between June and August of 1942, 66,000 Serbs, including 2,000 children, were put to death. The crematories at Jasenovoe ran day and night, and the Ustashi became so intent upon the elimination of Serbs that they began to

cast them into the furnaces while the Serbs were still alive. This plan was soon abandoned because of the terrible reaction among those who were to be burned. "People shrieked, shouted, and defended themselves," a Ustashi officer later recalled. "To avoid such scenes, it was resolved first to kill them and then to burn them."9

Special death camps were set up for children at Lobor, Jablanac, Mlaka, Brocice, Ustici, Stara Gradiska, Sisak, Jastrebarsko, and Gornja Rijeka. Gjordana Diedlender, who served as a guard at Stara Gradiska, provided the following account at the trial of Ante Vrban, the commandant at the camp:

> At that time fresh women and children came daily to the Camp at Strata Gradiska. About fourteen days later, Ante Vrban ordered all children to be separated from their mothers and put in one room. Ten of us were told to carry them there in blankets. The children crawled around the room, and one child put an arm and leg through the doorway, so that the door could not be closed. Vrban shouted, "Push it!" When I did not do that, he banged the door and crushed the child's leg. Then he took the child by its whole leg, and banged it on the wall till it was dead. After that we continued carrying children in. When the room was full, Vrban brought poison gas and killed them all.'"

Several commandants and officers at Ustashi death camps were Catholic priests. Fr. Miroslav Filipovic, a Franciscan friar, served as the commandant of Jasenovoe. Three Franciscan monks-Fr. Zvonko Brekalo, Fr. Zvonko Lipovac, and Fr. Josef Culina, who served as officers of the Ustashi-aided Father Filipovic in supervising the mass executions.11 Father Brekalo was decorated by Pavelic in 1944 with the "Order of King Zvonimir" for his distinguished service to New Croatia. Similarly, Fr. Grga Blazevitch, another Franciscan, served as assistant to the commandant at the concentration camp of Bosanski-Novi.

As smoke poured from the death camps, Ustashi soldiers traveled throughout the countryside, destroying towns and villages, gathering

mounds of loot, and putting thousands of Serbs to death. The executions took place in the homes of the victims, with the most primitive weapons-hammers, scythes, pitchforks, and hatchets.12 The streets were lined with the hanging bodies. Some victims were subjected to crucifixion, including Luke Avramovitch, former member of the Yugoslav Parliament, and his ten-year-old son.

In one typical incident of atrocity, Ustashi soldiers rounded up 331 Serbs and forced them to dig their own graves before hacking them to pieces with axes. The Orthodox priest was ordered to recite the prayers of the dying while his son was dismembered before his eyes. Then the priest was tortured. The soldiers ripped off his beard and the hair from his head, gouged out his eyes, and skinned him alive.'3

In order to be singled out for heroism, Ustashi bands would pose with their victims before cameras. The captured photographs-too grisly to reproduce-show Ustashi beheading Serbs with axes, cutting through the necks of their victims with saws, and carrying heads on sticks through the streets of Zagreb.14

Catholic priests, invariably Franciscans, not only encouraged but also took an active part in the slaughter. Br. Tugomire Soldo, a Franciscan monk, was the organizer of the great pogrom of 1941. Fr. Bozidar Bralow, known for the machine gun that was his constant companion, performed a dance around the bodies of 180 murdered Serbs at Alipasin-Most. Individual Franciscan monks killed hundreds of men, women, and children; set fire to homes; sacked villages; and laid waste the Bosnian countryside at the head of Ustashi bands.15 In September of 1941 an Italian correspondent wrote of a Franciscan priest urging the Ustashi to massacre Serbs in a village south of Banja Luka, while brandishing a crucifix. The unrestrained "ethnic cleansing" even horrified hardened Nazi officers. German General Edmund Glaise von Horstenau reported to Hitler that "the Ustashi have gone raving mad."16

Many of the greatest horrors were perpetuated not by Croatian peasants but by the Catholic intelligentsia. This is exemplified in the

case of Peter Brzica, a distinguished law scholar who attended the Franciscan College at Siroki Brijig, Herzegovina. On the night of August 29, 1942, in the concentration camp at Jesenovie, orders were given for mass executions to make room for new shipments of prisoners. A contest got underway to determine who could slaughter the most inmates within the span of a few hours. Brzica distinguished himself by cutting the throats of 1,360 prisoners with a butcher knife that he continually sharpened with a razor strap. For his efforts the law scholar was hailed as "King of the Cut-Throats" and rewarded with a gold watch. For the award celebration the participants were treated to a feast of roasted suckling pig and vintage wine from a Franciscan monastery.'7

The wholesale slaughter produced a financial windfall for the Church. Orthodox churches, monasteries, and houses were ransacked and the valuables were transferred to Franciscan churches and monasteries and later to the Vatican.18

There was another boon for the Church from the Holocaust in Croatia. It produced wholesale conversions of Orthodox Serbs to the Roman faith. The conversions were produced by a simple method best expressed by Fr. Dionizio Juric, Ante Pavelic's private confessor: "Any Serb who refuses to become a Catholic should be condemned to death." With bayonets at their throats, great masses appeared before Catholic priests to recant their false form of Christianity and to receive the sacrament of penance.

Penance in several Croatian towns and villages came at the steep price of 180 dinars. In the village of Jasenak, Fr. Ivan Mikan collected 80,000 dinars at one ceremony of mass conversion to the faith.'9 Within one year over 30 percent of the Serbs in New Croatia converted in order to escape execution. The money collected for conversion certificates was deposited into Franciscan accounts at the Vatican Bank. The names of the converts were listed in diocesan bulletins. Katolicki List of the Archdiocese of Zagreb, for example, reported in issue no. 31 of 1941 that "a new parish of over 2,300

souls" had been created in the village of Budinci, as a result of the entire village having been converted to the Catholic faith.20 All the converts were compelled by the Catholic clergy to send congratulatory letters to Archbishop Stepinac. These letters also were published in church newsletters and the Ustashi newspaper, Nova Hrvatska. In its issue of April 9, 1942, Nova Hrvatska published four such telegrams, all addressed to the archbishop. One read as follows: "2,300 persons, assembled in Slatinski Drenovac, from the villages of Pusina, Kraskovic, Prekorecan, Miljani, and Gjristic, accepted today the protection of the Roman Catholic Church and send their profound greetings to their Head. 1121 Within a matter of months over 30 percent of the Serbs residing in New Croatia were converted to Roman Catholicism.

At 180 dinars, a certificate of conversion was a bargain, even for the humblest peasant who had to sell all his possessions to obtain one. This became clear on May 14, 1941, at a place called Glina, where hundreds of Serbs were forced to attend a service of thanksgiving for the constitution of New Croatia. Once the Serbs were herded into the meeting hall, a gang of Ustashi soldiers, under the direction of Fr. G. Casimir, abbot of the Monastery of Gunic, entered with axes and knives. The Serbs were commanded to produce their certificates of conversion. Only two had the required document and were released. The doors were then locked and the rest were butchered while Father Casimir uttered pious prayers.22

By the end of the war the sale of conversion certificates had netted the Holy See and New Croatia untold millions. Additional revenue came from the priceless treasures that had been stripped from the Orthodox churches and the personal possessions of the Jews, Gypsies, and Serbs that had been confiscated.

Protests were raised to the pope to no avail. On March 17, 1942, the World Jewish Congress sent a cry for help on behalf of the persecuted Jews in Croatia to the Holy See. The plea read as follows: "Several thousand families were either deported to desert islands on

the Dalmatian coast or incarcerated in concentration camps.... [A]II the male Jews were sent to labor camps where they were assigned to drainage or sanitation work and where they perished in great numbers. . . . At the same time, their wives and children were sent to another camp where they, too, are enduring dire privations."23 A copy of the plea remains in the Zionist Archives in Jerusalem, but it was excluded from the eleven volumes of wartime documents that the Vatican released in 1995. This indicates that the Vatican still refuses to make a full disclosure of what it knew about the Croatian atrocities and the early stages of the Final Solution.

Despite adamant denials, the Vatican gave its blessing to the Holocaust in Croatia. Pius XII kept well informed of eventsincluding the massacres, the death camps, and the forced conversions-from Monsignor Ramiro Marcone, his personal representative in Croatia. Monsignor Marcone participated in most of the official and semiofficial functions where he openly blessed the Ustashi, publicly gave the Fascist salute, and encouraged Croats to be "faithful to the Holy See, which had stood for centuries against Eastern barbarism," 24 that is, against the Orthodox Church and the Serbs.

Archbishop Stepinac also sent regular reports to the Vatican. In an official document dated May 8, 1944, the archbishop took delight in informing the Holy Father that to date "244,000 Orthodox Serbs" had been converted to the "Church of God."25

Pius XII had alternative personal means of information on conditions in Croatia, including broadcasts of the BBC that were faithfully monitored and translated for him by Francis D'Arcy Osborne, London's minister to the Vatican. The broadcast of February 16, 1942, was as follows: "The worst atrocities are being committed in the environs of the Archbishop of Zagreb [Stepinac]. The blood of brothers is flowing in streams. The Orthodox are being forcibly con verted to Catholicism and we do not hear the archbishop's voice preaching revolt. Instead it is reported that he is taking part in Nazi and Fascist parades."26

Eight days prior to this broadcast, on February 8, 1942, Prvislav Grizogono, the former minister of the I ingdom of Yugoslavia, sent an official letter to Pius XII in which he outlined the atrocities that had been committed by the Ustashi throughout New Croatia. He concluded the letter with this plea:

> Why do I write this to you, Here is why: In all these unprecedented Crimes, worse than pagan, our Catholic Church has also participated in two ways. First, a large number of priests, clerics, friars, and organized Catholic youth actively participated in all these crimes, but more terrible, even Catholic priests became camp and group commanders, and, as such, ordered or tolerated the horrible tortures, murders and massacres of a baptized people. None of this could have been done without the permission of their bishops, and, if it was done, they should have been brought to the Ecclesiastical Court and unfrocked. Since this did not happen, then ostensibly the bishops gave their consent by acquiescence at least."

Despite such reports, Pius XII never uttered one word of censure against the Ustashi. Even after the war, when documented reports of Franciscan priests taking part in mass executions appeared in the international press, the pope remained silent. He never called to account one member of the clergy, not even Fr. Miroslav Filipovic, Fr. Zvonko Brekalo, and other commandants of the death camps. He censored no one, not even Fr. Bozidar Bralow, who organized the mass executions, or Fr. G. Casimir, who supervised the slaughter at Glina.

At the end of the war Archbishop Stepinac was arrested for war crimes by the Yugoslav government. A parade of prosecution witnesses testified at Zagreb on October 5, 1945, that Catholic priests armed with machine guns went out to convert Orthodox Serbs and massacred them.2 Most of the witnesses were Croat Catholic peasants and laborers. The archbishop was found guilty and sentenced to sixteen years in prison.

Upon hearing the verdict Pius XII uttered a cry of outrage and ordered the excommunication of everyone who had taken part in the trial. In the Catholic press, Archbishop Stepinac was presented as a champion of religious freedom who opposed the godless forces of Communism. Reports of the atrocities in Catholic Croatia were dismissed as either "Communist propaganda" or "Gestapo-cooked" inventions. A worldwide movement was orchestrated by the Vatican to save the "martyred Stepinac." The campaign succeeded. In 1951 Stepinac was released from prison after an appeal had been issued by the United Nations. The triumphant archbishop returned to Rome where he was embraced by the pope and elevated in status to a cardinal.

On October 4, 1998, Pope John Paul II traveled to the Republic of Croatia to announce the beatification of Archbishop Stepinac. Beatification is the first step toward sainthood. It pronounces that the deceased is "beloved by Christ" and "worthy of veneration." At the ceremony in the Cathedral of Marija Bistrica, the pope said: "Blessed Stepinac did not shed his blood in the strict sense of the word. His death was caused by the long suffering he endured: the last fifteen years of his life were a continual succession of trials, amid which he courageously endangered his own life in order to bear witness to the Gospel and the unity of the Church."29

The events in Croatia were glossed over by news of Nazi horrors in Europe. But the statistics of the Ustashi reign almost defy belief. Between 1941 and 1945, over 500,000 Orthodox Serbs were massacred in the Independent State of Croatia, along with 80,000 Jews and 30,000 Gypsies. On a per capita basis, it represented the greatest incident of mass murder in the annals of the twentieth century.

But few in the Vatican could argue that the political experiment in Croatia had not been profitable.

# 6
# Riches and Ratlines

> When Judas, who had betrayed him, saw that Jesus was condemned, he was seized with remorse and returned the thirty silver coins to the chief priests and the elders. "I have sinned," he said, `for I have betrayed innocent blood." "What is that to us?" they replied. "That's your responsibility." So Judas threw the money into the temple and left. Then he went away and hanged himself.
>
> Matt. 27:3-5

After signing the Faustian agreements with Hitler and Mus_solini, the Church became charmed in all its worldly undertakings. As it prospered from its prewar alliances, it also prospered from the demise of the Fascist regime in Italy, the fall of the Third Reich, and the collapse of New Croatia.

By the end of February 1945 the Yugoslav troops, with the help of the Communist forces, managed to liberate Zagreb, the Croatian capital. The Ustashi scrambled to save as much of their loot as possible. In the Franciscan monastery within the center of Zagreb, Ante Pavelic, with the full consent of Archbishop Stepinac, buried

thirtysix chests of plundered gold-gold rings, gold jewelry, gold watches, gold dentures, and gold fillings that had been wrenched from the jaws of the Jews, Gypsies, and Serbs they had massacred-and two truckloads of silver.'

While the Yugoslavs hunted down the Ustashi officials responsible for the genocide, Pavelic fled to Austria where he was captured by American forces and imprisoned near Salzburg.

As arrangements got underway for Pavelic to appear before the Nuremberg tribunal, a "mysterious intervention" occurred and the proceedings came to a grinding halt. Pius XII, through the intervention of the archbishop of Salzburg, arranged for Pavelic to be transported to Vatican City where the Ustashi dictator was granted sovereign protection.

Several weeks later, to avoid scandal, the pope made arrangemerits for Pavelic to leave Vatican City in the dead of night. For the next three years the Ustachi leader traveled from one monastery to another in the guise of a Franciscan monk and under various aliases, including Father Benares and Father Gomez.' U.S. Army Intelligence was informed of Pavelic's identities and his whereabouts but remained reluctant to arrest him. In a confidential report dated September 12, 1947, William Gowen and Louis Caniglia, special agents of the U.S. Army's Counter Intelligence Corps, wrote: "Pavelic's contacts are so high and his present position so compromising to the Vatican that any extradition of the subject would deal a staggering blow to the Roman Catholic Church."3

During this time the buried Ustashi treasure was removed from the monastery in Zagreb to Rome and from Rome to Naples, where the gold and silver were melted into bars under the supervision of the Mafia. From Naples the bars of pure gold and silver reportedly were transferred by the Mafiosi to Vatican City for deposit in Franciscan accounts within the Vatican Bank where the fortune, valued in excess of $80 million, disappeared within its vast vault.4

More money came to the Vatican from Croatia. On May 7, 1945, 288 kilograms of gold was removed from the Croatian National Bank and the state treasury. According to a report filed by Office of Strategic Services (OSS) agent Emerson Bigelow on October 21, 1946, British soldiers managed to confiscate 150 kilograms of gold at the Italian border, but the remaining money made its way to the Holy See, where it was stored away in the Vatican Bank for "safe keeping."5

In addition to the Croatian Nazi gold, the Vatican amassed millions from the sale of false passports to fleeing war criminals and the establishment of the infamous "ratline." The "ratline" was the name for an underground railroad by which Nazi officials escaped from justice for their war crimes. Through the Vatican ratline, the Ustashi high command moved from Trieste, to Rome, to Geneva, and on to neutral countries, primarily Argentina, where they could spend their days unpunished and unnoticcd.6

A key figure in these nefarious activities was Fr. Krunoslav Dragonovic, a Franciscan monk who became a member of the Ustashi high command. On one occasion, Father Dragonovic smuggled fifty kilograms of gold from Croatia to Rome in two shipping crates.7 After supervising the massacre of thousands of Serbs in New Croatia, Father Dragonovic was recalled to Rome in 1943, where he was appointed head of the College of San Girolamo degli Illirici. Located in Rome, the Vatican-sponsored seminary became a center for Croats seeking religious instruction and ordination to the priesthood. Later, San Girolamo came to serve as the headquarters for the postwar Ustashi underground.' In a report of February 12, 1947, U.S. Army Counter Intelligence Corps Agent Gowan wrote: "San Girolamo is honeycombed with cells of Ustasha operatives. In order to enter the monastery, one must submit to a personal search for weapons and identification.... The whole area is guarded by armed Ustasha youths in civilian clothes, and the Ustashi salute is exchanged constantly."9

Father Dragonovic presented himself as a Red Cross worker, but according to U.S. intelligence, his real role was to provide an escape route for Nazis to South America. A CIC confidential report of July 27, 1950, shows that the United States was willing to give Dragonovic free reign over the ratline because of the Vatican official's will ingness to arrange the escape of anti-Communist informants, including Klaus Barbie, the head of the Gestapo in Lyons who had tortured and killed thousands of Jews and members of the French Resistance.10 From 1946 to 1947 Dragonovic kept Barbie under his protective care at San Girolamo where the two regularly dined together. CIA records show that Dragonovic remained on the payroll of the U.S. Army throughout the 1950s. In 1958, after the death of Pius XII, his papal protector, Dragonovic was expelled from the College of San Girolamo by orders of the Vatican Secretariat of State. Despite the expulsion, he continued to serve the CIA by recruiting Ustashi mercenaries to help the Dominican Republic in its fight against Castro.

The Vatican ratline, under Father Dragonovic's supervision, became incredibly efficient and highly elaborate. Fleeing war criminals were sheltered within Vatican City and granted new identities. Birth certificates, visas, passports, and other documentation were manufactured, prepared, and delivered with amazing proficiency by a small army of Vatican bureaucrats." Members of the Sicilian Mafia, skilled in the subtle art of falsification, were recruited to lend their expertise to the venture. One of the most notable of the mafiosi was Lucio Gelli, who served as an Oberleutnant for the SS in Italy and a liaison officer to the elite SS Hermann Goring Division. After the war he became not only a director of the Vatican "ratline" but also a key member of "Operation Glaudio," a secret operation funded by NATO and the CIA to establish "stay behind" networks throughout Europe to thwart the spread of Communism.12

Several prominent Nazi criminals, including Franz Stangl, commandant of Treblinka, were granted living quarters within the confines of Vatican City and at the pope's summer residence at

Castel Gandolfo. 13 Others were lodged with Catholic families, who were pleased to open their doors to Vatican "guests" for a small stipend. Still other criminals were sheltered in monasteries under the guise of friars, monks, and religious brothers. By 1946 these facilities were filled to capacity and scores of fugitive Nazis were housed in convents where they were dressed in full habit as nuns. Several observers noted the sudden increase of strange-looking religious sisters with mascu line demeanors and rough mannerisms, some of whom were badly in need of a shave. They further observed that from 1945 to 1948 the nunnish populations in convents throughout Rome increased and declined at regular intervals.14 A senior British political advisor reported that it was "becoming increasingly clear that many of the more important quislings are taking refuge under the wing of the Roman Catholic Church." The advisor predicted that little could be done "unless the Vatican can be persuaded into open cooperation."1'

The price demanded for such shelter was high. The fleeing Nazis were usually obliged to relinquish 40 to 50 percent of their complete savings, including the goods they had looted from their victims, to the Vatican. Yet the price was readily paid. Any "refugees" who aroused suspicion could retreat within the corridors of the Vatican where they remained safe from arrest and prosecution. The Allied forces and the U.S. Army's Counter Intelligence Corps, in their search for war criminals, were unwilling to challenge the sovereignty of the State of Vatican City. For this reason, the papal coffers continued to be filled to overflowing by newly arrived "guests."

And the guest list was most impressive. In addition to Klaus Barbie and Franz Stangl, the Church sheltered such luminaries as Adolph Eichmann, Hitler's top henchman and director of the genocide program; Eduard Roschmann, the "Butcher of Roga"; SS General Walter Rauff, inventor of the mobile gas truck; Gutav Wagner, commandant of the Soribibor Camp; and Dr. Joseph Mengele, the "angel of death" at Auschwitz. With their Vatican-produced passports, such "guests" were granted safe passage to South America, Australia, and the United States. In all, more than 30,000 Nazis

escaped justice, thanks to Holy Mother Church. "All these people were escaping," Agent Gowan later recalled, "and this at a time when just getting a meal in Rome was a major accomplishment. 1116

Father Dragonovic, according to documents unclassified by the U.S. State Department in 1998, may have personally profited from his illegal activities by charging refugees as much as $1,500 for false documents and $650 for each refuge in addition to the amount charged by the Vatican.'7

Reports circulated that Nazi sympathizers, including members of ODESSA (Organization of Former Officers of the SS) and "The Spider," provided ongoing financial support for the Vatican ratline.

Pavelic, as a favored son of Holy Mother Church, was placed under the special care and protection of Father Draganovic, who not only provided the Fascist dictator with a counterfeit International Red Cross passport but also accompanied him and over two hundred senior Ustashi officers to Buenos Aires. Before returning to Rome, Draganovic placed Pavelic under the care of the Argentine hierarchy and introduced him to top Argentine officials, including Juan Peron. Within a year Pavelic gathered together his fellow Ustashi expatriates and formed Hrvatska Drzavotvorna Stranka to keep alive the dream of Catholic Croatia. In 1959 Pavelic suffered a heart attack while visiting Spain. The "Butcher of the Balkans" received a special blessing and the sacrament of extreme unction from Pope John XXIII on his deathbed.'s

On November 23, 1999, survivors of the Catholic-supported atrocities in Croatia filed a lawsuit against the Vatican for hoarding gold stolen by the Ustashi and for helping Nazi war criminals escape from justice by establishing ratlines to South America. The suit, which seeks more than $1 billion in damages, received the support of the Ukrainian Union of Nazi Victims and Prisoners and the Organization of Antifascist Resistance Fighters. "The Vatican Bank claim may turn out to be as large as claims against Swiss banks," attorney Jonathan Levy told the press. "In fact, the figures may be much higher." 19

# 7

# Wealth Beyond Measure

Jesus looked around and said to his disciples: "How hard it is for the rich to enter the Kingdom of God!" The disciples were amazed at his words. But Jesus said again: "Children, how hard it is to enter the Kingdom of God! It is easier for a camel to pass through the eye of a needle than for a rich man to enter the Kingdom of God." The disciples were even more amazed, and said to each other: "Who then can be saved?" Jesus looked at them and said, "With man this is impossible, but not with God; all things are possible with God."

Mark 10:23-27

At the end of World War II, Italy was "one extended poor-house."' The Allied invasion, the German defense, and the destruction wrought by the Italian partisans had resulted in the devastation of roads, railways, bridges, tunnels, industrial plants, city streets, marketplaces, and apartment buildings. This posed economic ruin for the Vatican since it had invested the donation of Mussolini almost solely in Italian business and industry. But now many of the businesses were closed and the industries tottered on the edge of bankruptcy.

To compound the problem, the Communists remained the only well-funded, well-organized, and politically aggressive party in Italy. The leader of the party was Palmiro Togliatti, who had spent most of the war in Moscow as a houseguest of Joseph Stalin.2 His platform called for the socialization of industrial firms that had been financed by the Institute for Industrial Reconstruction (IIR) during the Great Depression, the very firms in which Nogara invested most of the Church's holdings. Pius XII blanched at the prospects.

To ward off the Communist menace, the Holy Father provided full funding to activate the Christian Democracy Party under the leadership of Alcide Dc Gasperi. Dc Gasperi upheld as his personal motto: "Catholic, Italian, and democratic, in that order." Throughout his life he attended mass and received Holy Communion on a daily basis. In a letter in which he proposed marriage to his future wife, Francesca Romani, De Gasperi wrote: "The personality of the living Christ pulls me, enslaves me, and comforts me as though I were a child. Come, I want you with me to be drawn to that same attraction, as though to an abyss of light."3

In his early years, De Gasperi, as a staunch opponent of Fascism, had gained the enmity of Mussolini. Hauled before a fascist tribunal, he said: "It is the very concept of a Fascist state that I cannot accept.

For there are natural rights that the state cannot trample upon."4 Mussolini threw him into the Regina Coeli prison in 1927. De Gasperi, like his friend Antonio Gramschi, would not have survived the long stay in prison until the collapse of the Fascist regime. But Mussolini's signature on the Lateran Treaty in 1929 enabled Pius XI to have De Gasperi released into papal custody. For the next fifteen years he remained sequestered within the Vatican library.

In 1946 Pius XII would have been hard-pressed to find a more suitable candidate to serve as the leader of the Christian Democracy Party. At sixty-five, Dc Gasperi was dignified, well spoken, and fiercely devoted to his papal protector. He was also, thanks to his long stay in the library, politically unsullied.

The Vatican channeled millions of lire to the Christian Democrats through a lay agency called Catholic Action under the management of Bernardino Nogara.s In this way, the Vatican could not be charged with violating the terms of the 1929 concordat by direct involvement in Italy's affairs of state. With the money, the Catholic Democracy Party established twenty thousand comitati civici-modeled after Communist cells-throughout Italy.' The "civil committees" served as recruiting agencies for new party members.

In the twelve months before the election, the United States poured $350 million into Italy for relief and political purposes. A sizeable portion of this amount, approximately $30 million, was channeled into Catholic Action to ward off the threat of a Communist government in Italy.' Cardinal Spellman spearheaded the Vatican-sponsored campaign to encourage Italian Americans to urge their relatives in the old country to vote against Togliatti and the other Communists. "The fate of Italy depends upon the forthcoming election and the conflict between Communism and Christianity, between slavery and freedom," Spellman wrote in a pamphlet that was distributed in Catholic parishes throughout the United States.8 Several days before the election Italians were bombarded with radio messages from such American celebrities as Frank Sinatra, Bing Crosby, and Gary

Cooper, urging them to support the Christian Democrats and to stop the spread of Communism.9

In Sicily the Christian Democrats used the funding from the Vatican to forge an alliance with the Mafia. In return for the right to appoint Mafiosi as leading members of the party and the payment of blood money, the Mafia agreed to teach the Communists a lesson. Mafia chieftain Salvatore Giuliano and his cousin Gaspere Pisciotta led a group of assassins into Porta della Ginestra, where the Communists had registered a political victory. Without prejudice the mobsters shot and killed a dozen people and wounded more than fifty others. New elections were held and the Christian Democrats, surrounded by their newly "made" friends, won a resounding victory. Years later Gaspare Pisciotta received orders to murder his own cousin Salvatore Guiliano. At his trial Piscotta said of the earlier massacre: "We were a single body: bandits, police and Mafia, like the Father, Son, and Holy Ghost."10

Ultimately, this union between the Christian Democrats and the Mafia would give rise to the "High Mafia," or the political Mafia. From that time onward, Mafia-connected politicians would control the right-wing of the Christian Democracy Party. This control would result in the corruption of Italian politics, the infiltration of well-educated Mafiosi-such as Michele Sindona-in business and industry, and the further contamination of the Holy See."

On the eve of the 1948 election, three hundred bishops throughout Italy denounced Togliatti and the other Communists from the pulpit. Archbishop Giuseppe Siri of Genoa, for example, told his dioceses that it was a "mortal sin" not to vote; that voting for a Communist was irreconcilable with being a Catholic; and that confessors "should withdraw absolution from any who have failed to heed his instruction."12 At the same time, twenty-five thousand priests went door to door to visit their parishioners and recruit new members to Catholic Action. Membership in the organization swelled from three million to five million.

Shortly before the vote Catholics were invited to St. Peter's Square to receive a special blessing from the pope. Church historian Alden Hatch described the gathering as follows: "The crowd filled the broad square and extended back along the Via Conciliazione to the bridges across the Tiber and even along its farther banks and up the Corso Vittorio Emmanuele. The Holy Father, in the white and gold vestments of the sacred office, spoke to them in the tradition of the Crusades and his passionate words lifted the hearts and pierced the spirits of all who heard him." 13

The tactics worked. The Christian Democrats came to power in June 1948 with 48.5 percent of the votes in a 90 percent voter turnout. The Popular Front of Communists and the Socialists managed to secure only 31 percent of the final tally. The party would retain control over affairs in Italy for the next twenty years. The new Italian Republic became a respectable centralist part of the New Europe. It entered NATO, joined the Council of Europe and the European Coal and Steel Community, and participated in the Marshall Plan.

With the victory over the Communists, Pius XII witnessed blue skies breaking through the postwar haze. The newly elected President Dc Gasperi, in grateful appreciation of Vatican support, extended to the Church the terms of the concordat with Mussolini. All Vatican enterprises within Italy remained tax-exempt and, as sanctioned operations of a sovereign state, free from public scrutiny. Nothing from the Church's vast holdings would be rendered unto Caesar.

As U.S. aid poured into Italy, the Vatican received millions for the revitalization of industries such as Italgas and Immobiliare. In addition, the Truman administration, through the intercession of Cardinal Spellman, began to divert large sums of "black currency" (money for which there is no public accounting) to the Vatican for the "consolidation of Anti Soviet activities in Western Europe."14 In one of his reports to Rome, Spellman emphasized the need for strict

confidentiality regarding the millions of U.S. dollars being dumped into the coffers of the Roman Catholic Church. "Subversive groups in the U.S.," he wrote, "would grasp this as a very effective pretense for attacking the U.S. government for having released money to the Vatican, even though indirectly conveyed."is

With such foreign and domestic support, the Vatican became the primary beneficiary of "il miracolo economico"-Italy's "economic miracle." Between 1953 and 1958 Italy's Gross National Product (GNP) increased 150 percent, swelling to a sum of $70 billion. Of the country's 180 credit, banking, and insurance institutions, the Vatican controlled more than 90. One of the largest of these concerns was La Centrale, a company that provided medium- and long-term credit for projects in agriculture, hydroelectricity, engineering, and mining. By 1968, when the Christian Democrats lost their control of the Italian government, La Centrale stock included 8,235 shares in one power company valued at $24.5 million and 1,417 shares in a second valued at $25.2 million. By this time La Centrale possessed $107 million in capital and $277 million in assets. It displayed industrial loans in excess of $60 million and medium-ranged loans in excess of $155 million. La Centrale's net profits were in the range of $16 million.16

Italcementi, another Vatican-controlled company, supplied over 30 percent of the cement in Italy and owned a financial house called Italmobiliare. Italmobiliare, in turn, owned eight banks with cumulative assets of $512 million and capital reserves of $22 million. In addition, the financial house held control of the Banca Provinciale Lombarda and the Credito Commerciale di Cremona whose combined deposits exceeded $1.2 billion. In 1968, the year when the good times came to a screeching halt, Italcementi had $51.2 million in capital with net profits of $5 million.I7

During this same period, the Vatican became the largest shareholder in three large banks-Banco di Roma, Banca Commerciale Italiana, and Credito Italiano-and seventy-six other

banks throughout Italy. One of the most prestigious of these banks was Banco Ambrosiano in Milan. The Vatican also acquired two major insurance companies with combined capital of $30 million and nine smaller insurance companies with combined capital of $10.7 million.18

In industry, the Vatican retained control of Italgas, which provided natural gas to thirty-five Italian cities. By 1968 Italgas produced over 680 million cubic meters of gas annually and displayed capital of $59 million. It also came to own a giant telecommunications firm called Societa Finanziavia Telefonia, a major supplier of telephone and telegraph service with annual profits in excess of $20 million.'9

One of the Vatican's first postwar acquisitions was Finsader, a steel combine that counted among its subsidiaries Alfa Romeo, the automobile company; Finmeccanica, a holding company for thirtyfive firms that specialized in every phase of engineering (including the production of nuclear weapons); Finmare that operated passenger shipping lines; the Terni Company that produced steel products; and Italsider that manufactured pig iron, steel ingots, and piping. Another acquisition was Montedison that specialized in mining and metallurgical manufacturing, pharmaceuticals, electric power, and textiles. In 1968 Montedison displayed sales of $854 million and a net profit of $67 million.20

One of the Church's most lucrative new holdings was SNIA-Viscosa, a leading producer of textiles that possessed capital of $90 million in 1968 and displayed an annual profit of $15 million.21

The vast Vatican empire included thousands of other companies-large and small-throughout Italy, specializing in such things as silk, yarn, publishing, furs, spaghetti, tourism, salt, electronics, ready-to-wear clothing, children's toys, and department stores.

Some of these holdings would pose an embarrassment for the Vatican. In 1968, when Pope Paul VI issued Humanae Vitae, his famous encyclical on birth control, the Vatican owned a string of

pharmaceutical companies-including Sereno-that produced oral contraceptive pills called Lutteolas.22

But the major Vatican concern remained Societa Generale Immobiliare, the giant conglomerate and Italy's largest construction company. Through Immobiliare the Vatican came to own major hotels in Italy, including the Rome Hilton, Italo Americana Nuovi Alberghi, Alberghi Ambrosiani, Compagnia Italiana Alberghi Cavalieri, and Societa Italiani Alberghi Moderni. The company also enabled the Vatican to stretch its tentacles throughout the Western world. In France Immobiliare built blocks of offices and shops at 90 Avenue des Champs Elysees, at 61 Rue de Ponthieu, and at 6 Rue de Berry. In Canada, it owned the Stock Exchange Tower in Montreal, one of the world's tallest skyscrapers; the Port Royal Tower; a 224-apartment block; and a large residential complex in Greensdale (outside Montreal). In Mexico it acquired an entire satellite city of Mexico City called Lomas Verdes. In the United States it came to own five large apartment complexes in Washington, D.C., including the Watergate Hotel; several hotels and office buildings in New York City; and a residential complex of 277 acres at Oyster Bay, New York.23 A full listing of the Vatican's real estate holdings would require a separate volume.

In addition to property, the Vatican by 1968 became a major stockholder in such U.S. companies as Shell Oil, Gulf Oil, General Motors, General Electric, Bethlehem Steel, IBM, and TWA. When these shares moved upward or downward on the stock exchange, men such as Nogara and Pius XII initiated the movement.24

Such "foreign" investments were highly lucrative but the Church's fortune remained in Italy, sheltered by the government, where its profits were free and clear and where the elected officials of the Christian Democracy Party remained at the Holy Father's beck and call.

As his Church acquired worldly wealth beyond measure, Pius XII assumed the otherworldly role of a saint. According to his

beatification records, the Holy Father slept no more than four hours a night, denied himself simple pleasures (such as coffee), and spent countless hours communicating with the Lord "as if on a mountaintop." In his later years Pius XII claimed to have received a special visitation from Jesus Christ in the privacy of his bedchambers.

To substantiate his holiness, Pius XII commissioned a documentary to be made for distribution to movie theaters throughout the world. Entitled Pastor Angelicus, the film depicted "the daily life of the pope" and how he fulfilled the prophecy of the Irish monk Malachi that "the 262nd successor to St. Peter" would be an "angelic shepherd." At the start of the movie, Pius XII is seen carrying a lamb on his shoulders. It proceeds to show the pope gliding through the marble corridors of the Vatican in a white gown-quite like a holy ghost-while monsignori and cardinals, resplendent in robes, genuflect and bow before him. The film goes on to show the actual royal family of Italy, the king and the princesses, falling on their knees to kiss his ring in an obvious acknowledgement of his superiority over all worldly kings and rulers. In another segment the Holy Father receives a group of First Communion girls, clutching rosaries and lilies, to bestow a blessing upon them. The image of Pius XII in his brilliant white soutane amidst the white communion dresses proclaims the message that the "pastor angelicus" is the fount of purity.25

The pope's aura of sanctity was heightened by his peculiar scent. Writer John Guest, upon meeting the Holy Father, expressed his wonder at the pope's supernatural fragrance. He described the odor as follows: "Not a scent in the worldly sense, not sweet or exciting in any way but a cool, very clean, smell. A sort of delicious early morning dewy smell that could almost be described as the sudden absence of all other smells. Possibly it is imagination; possibly sympathetic nervous affliction of the nose when one's other senses are highly stimulated; possibly, even, it is the genuine and original odor of sanctity." Guest apparently was unaware that Mother Pasqualina, the pope's protector and housekeeper, regularly doused

the Holy Father's hands and handkerchief with an antiseptic solution to prevent him from catching germs from human contact.26

To display his supernatural knowledge that bordered on omnis cience, Pius XII lectured visiting groups in a wide variety of subjects: dental care and procedures, gymnastics, aeronautics, cinematography, psychology, psychiatry, philosophy, agriculture, medicine, techniques of newscasting, and even gynecology. When poet and literary critic T. S. Eliot appeared for a private audience, the pope gave him a lecture on the trends in modern literature.27

Wanting to appear multilingual, the pope memorized elegant little speeches in English, Danish, Dutch, Swedish, Russian, Spanish, and Portuguese that he recited parrotlike in the presence of visiting dignitaries, although he was conversant only in Italian, French, and (to a limited extent) German. Throughout the years the speeches remained unaltered even when the same guests appeared for a second audience.28

On October 9, 1958, Pius XII gave up the ghost and passed on to his eternal reward. His funeral was described in L'Osservatore Romano as "The greatest in the long history of Rome, surpassing even that of Julius Caesar. During the lying in state in St. Peter's, his corpse began to rot in the autumn heat. The dead pope's face turned gray-green and then purple. To make matters worse, his intestines began to dissolve and ferment and his body began to emit a series of dreadful farts and belches. The stench was so overpowering that one guard fell into a swoon. As a final indignity, the pope's nose turned black and fell off several hours before interment.29 To some this seemed a message from heaven: the body of Christ (as represented by his Vicar) had become corrupt.

As a denouement to the papal drama, Bernardino Nogara died in Rome several weeks later. The passing of the great Vatican financier received little notice in the press. Many reporters were uncertain of his position within the Vatican and his ecclesiastical status. Some spoke of him as a distinguished monsignor. Few were aware that he

was a layman who had been trained as an architect and that his greatest design was neither a building nor a bridge but a vast financial complex commonly known as "Vatican, Inc."

# 8
# The Pink Pope

All the believers were one in heart and mind. No one claimed that any of his possessions was his own, but they shared everything they had. With great power the apostles continued to testify to the resurrection of the Lord Jesus, and much grace was upon them all. There were no needy persons among them. For from time to time those who owned lands or houses sold them, brought the money from the sales and put it at the apostles' feet, and it was distributed to anyone as he had need.

Acts 4:32-35

The great achievements of Pius XI, Pius XII, and Bernardino were almost undone by the election of Angelo Roncalli as Pope John XXIII. The son of dirt farmers, Roncalli represented, as the daughter of Soviet Premier Nikita Khrushchev pointed out, a "genuine socialist" with "the hands of a peasant."' In 1892, at the age of eleven he entered a minor seminary and twelve years later was ordained a priest. In 1918, after serving as a chaplain, Roncalli was assigned to teach church history at the Pontifical Lateran Seminary in Rome. He was dismissed from this position because of his Communist sympathies and modernist ideas, including approval of "mixed marriages" (the marriage between Catholics and nonCatholics). The so-called pink priest came to serve as a letter copier in the Oriental Congregation of the Holy See before receiving a commission to serve as the apostolic visitor to Bulgaria-a post that required he be made a bishop.2

At the close of World War II, Roncalli was sent to Paris as papal nuncio, where he became close friends with French President Vincent Auriol; Maurice Thorez, the leader of the French Communists; and Edouard Herriot, leader of the Radical Party. Thorez had sent a glowing report about Roncalli to the Kremlin. Roncalli was an ideal prelate, Thorez wrote to the Soviet officials, he understood Marxism like a Marxist, and if the Communist Party had not been sponsoring a program of militant atheism, he might have been the best "Christian comrade" in the Roman Catholic Church.-'

When Pius XII condemned and disbanded pro-Communist clerics, Roncalli protested the condemnation in a private audience with the Holy Father and then encouraged the worker-priests to go about their political business but "not too openly."

In 1948, when Pius XII was threatening any prelate who supported Communism, Roncalli, now serving as the Vatican's first permanent

observer at the United Nations, established close ties with Palmi Togliatti and other members of the Italian Communist Party. The matter of the "pink priest" could no longer be ignored, especially since Togliatti informed Soviet officials that Roncalli would be the "ideal man" to establish a "working compromise" between the Church and Communism.4

In 1954 Count Della Torre, editor of the Vatican newspaper L'Osservatore Romano, warned Pius XII of Roncalli's Communist sympathies. Other members of the "Black Nobility" expressed similar concerns.5

Nor did Roncalli escape the attention of the FBI and CIA. The agencies began to accumulate thick files on him and the questionable activities of other "progressives" within the Vatican, including Monsignor Giovanni Battista Montini (the future Paul VI).

At the instigation of U.S. Secretary of State John Foster Dulles and CIA director Allan Dulles, Cardinal Francis Spellman of the Archdiocese of New York met with Pius XII to "leak" confidential information and to ask for Roncalli's removal from the Vatican. The removal, it was agreed, would have to be conducted with considerable tact and diplomacy. Pius XII complied by elevating Roncalli to the college of cardinals and transferring him to the Patriarchate of Venice, where it was hoped the troublesome Roncalli, at the age of seventy-two, would spend his remaining years in "pastoral work."6 Similarly, as a result of the meeting, Monsignor Giovanni Montini was released from his secretarial duties at the Vatican and sent as an archbishop to Milan, where he had scant hope of obtaining a red hat.

Pius XII had appointed Cardinal Guiseppe Siri as his desired successor.' Siri was rabidly anti-Communist, an intransigent traditionalist in matters of church doctrine, and a skilled bureaucrat who had been personally trained in the intricacies of Vatican finances by Bernardino Nogara. Moreover, Sin had the support of a group of cardinals known as "the Pentagon." The group included Cardinals

Canali, Pizzardo, Mucara, Ottaviani, Mimmi, and Spellman. Few paid heed to the formation of a progressive or anti-Pentagon group composed of the Polish primate Wyszynski, the Indian cardinal Garcias, the French cardinals, Cardinal Lercaro, and Roncalli. The progressives were concerned about the rigidly of Pius XII's regime, including the centralization of all power and authority in the person of the pope, the unwillingness to initiate reform, and the crusading anti-Communism that was creating a chasm between the east and the west.

In 1958, when the cardinals were locked away in the Sistine Chapel to elect a new pope, mysterious events began to unfold. On the third ballot, Sin, according to FBI sources, obtained the necessary votes and was elected as Pope Gregory XVII.8 White smoke poured from the chimney of the chapel to inform the faithful that a new pope had been chosen. The news was announced with joy at 6 P.M. on Vatican radio. The announcer said, "The smoke is white. ... There is absolutely no doubt. A pope has been elected."9 The Palatine and Swiss Guards were alerted. The former were summoned from their barracks and ordered to report to St. Peter's Basilica for the announcement of the name of the Holy Father. Thousands gathered beneath the windows of the apostolic palace waiting to receive the blessing of the new pope.

But the new pope failed to appear. Question began to arise whether the smoke was white or gray. To quell such doubts, Monsignor Santaro, secretary of the Conclave of Cardinals, informed the press that the smoke, indeed, had been white and that a new pope had been elected. The waiting continued. By evening Vatican radio announced that the results remained uncertain. On October 27, 1958, the Houston Post headlined: "Cardinals Fail to elect pope in 4 Ballots: Mix-Up in Smoke Signals Cause False Reports."10

But the reports had been valid. On the fourth ballot, according to FBI sources, Siri again obtained the necessary votes and was elected supreme pontiff. But the French cardinals annulled the results,

claiming that the election would cause widespread riots and the assassination of several prominent bishops behind the Iron Curtain. i i

The cardinals opted to elect Cardinal Frederico Tedischini as a "transitional pope," but Tedischini was too ill to accept the position.

Finally, on the third day of balloting, Roncalli received the necessary support to become Pope John XXIII. The conservative cardinals believed that Roncalli, at the age of seventy-eight, was too old to wreak havoc within the Vatican and would only serve as a "guardian pope" until the next conclave. They were mistaken.

John XXIII's first act as pope was to appoint Archbishop Giovanni Battista Montini, his fellow "progressive" who had been "exiled" to the North of Italy, as a cardinal. He next appointed twenty-three additional cardinals to ward off any attempt by the "ultras" (as the new pope called the old guard) to regain control of the Vatican. Many of the new cardinals were well known for their leftist sentiments; others were from Third World countries. 12 Returning to the United States from the conclave, Cardinal Spellman announced his disdain of the new pope by saying: "He's no Pope. He should be selling bananas." 13

John XXIII began to purge all of those who had ties with Pius XII. Mother Pasqualina, who had looked after Pius XII for more than thirty years, was ordered to vacate her living quarters within the papal palace in a matter of hours. The "pestilential rats"-the Jesuits who had been prominent in the Vatican during Pius XII's nineteen-year reign-were set to flight. Count Della Torre, who served as editor of the official Vatican newspaper, Osservatore Romano, was given the sack and ordered to report to the Vatican Library, where he spent his remaining days "roaming aimlessly like a nostalgic ghost." And the two nephews of Pius XII who served as directors of the Vatican Bank were forced to accept early retirement.14

John XXIII proceeded to open dialogue first with the Socialists and then with the Communists, assuring them of his support of social reforms. He was as good as his word. In May 1961 he published his

first famous encyclical Mater et Magistra, which reviewed the development of social doctrine from the time of Pope Leo XIII to the Cold War. With one stroke of the pen, he placed the Church on the side of the leftist reformers, insisting that the Church must be on the cutting edge of social change and economic reform. To the shock of traditionalists, he endorsed the process of "socialization," calling for a breakdown of class distinctions, the distribution of goods according to the "norms of justice," and the elimination of private property.'5 To some it represented a Catholic Communist Manifesto. In New York, conservative writer William F. Buckley Jr. quipped, "Mater, yes; Magistra, no." Two years later John XXIII issued an even more radical encyclical, Pacem in Terris, that called for a rapprochement between Catholics and Communists and the application of Marxist dialectics to Christian teaching." In accordance with this decree, the pope invited Nikita Khrushchev to the Vatican and received Soviet officials, including the editor of Izvestia, in private audience.

The effects of such measures were felt throughout the world. In Latin America the amalgamation of Christianity with Marxism resulted in a movement called Liberation Theology that threatened the social order everywhere south of the United States.

During an interview John XXIII opened a window of his study and told reporters that he had decided to call an ecumenical council to permit fresh air to flow through the "stifling confines" of the Roman Catholic Church.'? The council, known as Vatican II, would result in the abandonment of ancient traditions, the relaxation of canon law, and the translation of the Latin liturgy into vernacular languages. All of this would take place for the sake of what the old pope called aggiornamento or "updating." "We are not born to be museum keepers," he once told the Curia, "but to cultivate a flourishing garden of life."18 The revolution initiated by the "caretaker" pope became so devastating that a prominent Catholic cleric lamented: "Four hundred years of history-all the accomplishments of the Council of Trent-have been destroyed in four years." 19

But in many ways the most troublesome of John's reforms was his refusal to provide funding to the Christian Democracy Party. Overnight, the political structure of Italy began to change. To maintain control of the government amidst the rising number of Italian Communists, the Christian Democrats formed a coalition with the Socialists-a measure that was called the apertura alla sinistra, the "opening to the left."20 This opening resulted in the government of Aldo Moro, the new leader of the Christian Democrats, who chose as his deputy prime minister Pietro Nenni, the old leader of the Socialist Party.

By 1963 the Moro government was forced to make an alliance with Luigi Longo, the leader of the Italian Communists. The Roman Catholic Church had lost its control of the Italian government. The terms of the concordat with Mussolini were now subject to scrutiny and change. Of all John's changes and reforms, his refusal to provide funding to the Christian Democrats proved to be the most significant for the future of the Vatican, Inc. It gave rise not only to "the opening of the left" within the Italian government but also to the most sinister of all developments: the marriage of Holy Mother Church to the Mafia.

# 9
# Montini's Maelstrom

Then the Pharisees went out and laid plans to trap him in his own words. They sent their disciples to him along with the Herodians. "Teacher, " they said, "we know you are a man of integrity and that you teach the way of God in accordance with the truth. You aren't swayed by men, because you pay no attention to who they are. Tell us then, what is your opinion? Is it right to pay taxes to Caesar or not?" But Jesus, knowing their evil intent, said: "You hypocrites, why are you trying to trap me? Show me the coin used for paying the tax." They brought him a denarius and he asked them, "Whose portrait is this? And whose inscription?' "Caesar's," they replied. Then he said to them, "Give to Caesar what is Caesar's, and to God what is God's."

Matt. 22:15-21

Pope John XXIII died of an inoperable carcinoma in 1963, after _ having taken due precautions to prevent the Holy Office from falling into the hands of reactionaries. He had stacked the college of cardinals with progressives who now called for "collegiality"-a sharing of ecclesiastical authority between the bishops and the pope-and had groomed Giovanni Montini, the archbishop of Milan, as his successor.

Montini appeared to be anything but a radical. He was mild-mannered, considerate, gentle, and exceptionally diligent in his duties. Upon assuming the papal throne as Pope Paul VI, he traveled throughout the world, often delivering nine speeches a day, and receiving more than one million visitors a year. He was accessible to everyone, including the press, and even answered questions about his sexuality by candidly telling a reporter that he was not a homosexual.

But when John's death was announced, the thought of Montini as the next pope filled the old guard, not to mention the U.S. State Department, with horror. During the Eisenhower administration, Alan Dulles, the head of the CIA and brother of Secretary of State John Foster Dulles, had accumulated a thick file on Montini that was marked with two colors, red and black, to indicate that he was a Marxist sympathizer who posed a threat to the balance of power.' The file showed that Montini, while serving as the papal undersecretary, had sent a furtive dispatch to Joseph Stalin. The contents of the dispatch were never disclosed and no one knew if Montini was acting at the express wish of Pius XII, but the contact with the Soviet dictator made him the subject of special concern to U.S. officials.2 The concern intensified after Stalin's death when Montini, on his own initiative, sent a letter to Chairman Mao Tse Tung of Red China that was returned unopened.

There had been other incidents regarding Montini, including his support of Communist forces in Spain in 1938 and rumors of his

warning Kremlin officials about Hitler's planned invasion of Russia in 1941.3

Montini's political leanings eventually led to his dismissal from the Vatican in 1954 and his "exile" in Milan, where he served as archbishop with no opportunity to interfere in Vatican affairs or to obtain elevation to the college of cardinals. But the pink pope had changed all that. He had recalled the "exile" and had granted Montini the red hat that he had been denied.

The CIA fretted over the papal election of 1963 and attempted to advance the candidacy of Cardinal Siri, who was pro-American in outlook. An American cardinal was given a tiny radio transmitter to relay the developments within the conclave to Langley, Virginia. On June 21 the news of Montini's election as Pope Paul VI was received at CIA headquarters before the puff of white smoke appeared from the chimney of the Sistine Chapel. The conclave had been bugged.4

The concerns of the CIA were well founded. Paul VI (Montini) proved to be even more radical and "progressive" than his predecessor. In his encyclical Populorum Progressio, the new pope condemned capitalism and the reliance on free trade in the world economy by stating: "The superfluous wealth of rich countries should be placed at the service of poor nations. The rule, which up to now held good for the benefit of those nearest to us, must today be applied to all the needy of the world. Besides, the rich will be the first to benefit as a result. Otherwise, their continual greed will certainly call down upon them the judgment of God and the wrath of the poor with consequences no one can foretell."5 He went on to decry the profit motive and the concept of private property that "does not constitute for anyone an absolute and unconditional right."6 Upon its issuance, the Wall Street journal dismissed the papal document as "warmed-over Marxism."7 Some thought the encyclical smacked of hypocrisy. If "the superfluous wealth of the rich nations should be placed at the service of poor nations," what of the superfluous wealth

of the Church? What of the untold millions that were locked away within the vault of the Vatican Bank?

Paul VI's actions were even more troubling than his words. He favored Fidel Castro's Cuba and gave free rein to Marxist bishops, priests, and nuns in America, Europe, and Africa. At the same time, he refused to utter a word of protest over the persecution of Lithuanian Catholics by the Soviets; the suppression of the faith in Hungary, Romania, and Czechoslovakia; and the treatment of political prisoners in Cuba.

As an advocate of Communism, Paul VI spoke of the Church no longer as the "Kingdom of God" but as the "People of God." This new definition implied that the Roman Catholic Church was no longer the "one true Church of Jesus Christ." It sanctioned the concept of religious pluralism and the abstention from all proselytism and all missionary activity. It gave rise to the notion that people can decide for themselves what to believe and how to believe. The role of the Church, as "the People of God," was simply to minister to their social needs and physical wants.

Yet Paul VI was not a revolutionary like his predecessor, who had made swift decisions and called for immediate change. The new pope deliberated over matters for days and often failed to take decisive action. This was true of his handling of the theological crisis in Germany and the strife in the Middle East. His lack of resolve made him unusual as a pope. Vatican officials began to speak of him as "Hamletic."7

Often the pope appeared contradictory in ideology. Despite his espousal of a People's Church and his support of leftist causes, Paul VI retained an imperialistic view of the Holy Office. He refused to reform the Curia by repealing the 1917 Code of Canon Law that upheld the centralization of all ecclesiastical power in the papacy. For this reason, the movement for collegiality came to a screaming halt. Vatican observers couldn't understand how the Holy Father could be

so progressive in matters of politics but so intransigent in matters of polity.

This intransigence came to the fore with his issuance of Humanae Vitae in 1968. In preparation of the encyclical, the pope consulted with no one-not even the members of a committee who had been appointed by John XXIII to study the question of birth control. He decided alone, as if the Second Vatican Council had never taken place. Humanae Vitae condemned not only abortion and sterilization but "any action, which either before, or at the moment of, or after sexual intercourse is specifically intended to prevent procreation-whether as an end or as a means."

The pope was unprepared for the uproar that arose from the encyclical. In England the Guardian labeled Humanae Vitae "one of the most fateful blunders of modern times."9 The Economist said: "Although it will become the focus of bitter controversy, the encyclical within days of its issue is intellectually deader than a Dodo."10 Even the Catholic weekly, the Tablet, demanded to know: "Where is the new and deeper reflection the Church had been promised?""

All hell seemed to be let loose against him. The pope who espoused a "People's Church," where all had an equal voice, was now faced with bishops who wanted autonomy, nuns who wanted to be priests, priests who wanted to marry, lay folk who wanted to administer the sacraments, theologians who claimed academic freedom, and homosexuals and divorced people who demanded acceptance of their status on their own terms. The new people had been let loose against the old church and the pope had no defense against them. Increasingly, he reacted with tears.

Then came a crisis that made all the other woes of Holy Mother Church appear as incidents of minor significance. In 1969 the Italian government, now a coalition of Christian Democrats, Socialists, and Communists, decided to revoke the terms of the 1929 concordat with Mussolini that granted the Vatican tax-exempt status on its holdings throughout Italy. The Vatican would be treated as any other business

or financial institution. The prospects made Paul VI blanch. The amount owed in taxes was estimated to exceed $720 million.12 The Vatican was faced not simply with spiritual turmoil but also financial ruin. The Holy Father was forced to take the measure of last recourse. He contacted with Michele Sindona, the banker for the Sicilian Mafia.

Paul VI became acquainted with Sindona when he had been serving as archbishop of Milan. In 1959 he had tried to raise $2.4 million for Casa della Madonnina, a home for the elderly. Sindona stepped forward and raised the sum in a single day. The money came from Mafia businessmen who were anxious to establish a working relationship with the Holy See and, strange to say, the CIA. Regarding the involvement of U.S. intelligence in the parochial affairs of the Roman Catholic Church, former CIA operative Victor Marchetti revealed the following: "In the 1950s and the 1960s, the CIA gave economic support to many activities promoted by the Catholic Church, from orphanages to missions. Millions of dollars each year were given to a great number of priests and monsignors. One of them was Cardinal Giovanni Battista Montini. It is possible that Cardinal Montini did not know where the money was coming from. He may have thought that it came from friends." 13

When Sindona appeared in the pope's private study on the fourth floor of the Apostolic Palace late one spring night in 1969, the short, slender, and well-spoken Mafiosi wore a meticulously tailored navy blue suit, a white shirt with gold cuff links, and a silk tie. He appeared fresh and confident. The pope was seated in one of his satin-covered chairs. His body was bent forward and he appeared tired and ill. The Holy Father did not offer his hand for Michele to kiss, instead they greeted each other with the handshake of old friends.

"There is a terrible problem," Paul VI told Sindona, referring to the parliamentary ruling regarding the removal of the Vatican's taxexempt status. If the Vatican allowed Italy to tax its investments, the pope explained, it would serve as a signal for other countries to follow suit

until the vast wealth of the Church became wasted away. "No matter," he said, "is of greater importance.""

Sindona replied by proposing a strategy to move Vatican resources out of Italy and into the profitable, tax-free Eurodollar market by way of a network of offshore tax corporations. This move would not only cloak the Vatican's holdings in omerta-a quality that the Vatican cherished as much as the Mafia-but it would also demonstrate to other countries that the Roman Catholic Church was strong and interference with the Vatican's finances could produce dire consequences for national economies.is The proposal represented a venture of enormous magnitude, a venture that would grant the Sicilian financier control of the vested assets of the Special Administration and the Vatican Bank.

Upon hearing this proposal, Pope Paul handed Sindona an agreement he had already prepared. The agreement was even more than the Mafiosi had hoped for or dared to suggest. It named Sindona Mercator Senesis Romanam Curiam, "the leading banker of the Roman Curia," and granted him complete control over the Vatican's foreign and domestic investment policy. 16 In accordance with the terms of the agreement, Sindona would work closely with Bishop Paul Marcinkus, the newly named president of the Vatican Bank, and Cardinal Sergio Guerri, governor of Vatican City. But these officers remained merely his advisors. The agreement placed the Vatican's billions at Sindona's disposal.

When the Mafia chieftain turned to the last page, he looked up at the Holy Father and smiled. The pope already had signed and sealed the agreement. It was the highest display of trust anyone could hope to receive from the vicar of Christ.

After Sindona signed the document, he knelt before the pope and pressed the Fisherman's ring to his lips. Paul, in turn, bestowed a blessing. The "reign of Satan" was about to begin.

# 10
# Enter the Shark

> Do not be yoked together with unbelievers. For what do righteousness and wickedness have in common? Or what fellowship can light have with darkness? What harmony is there between Christ and Belial? What does a believer have in common with an unbeliever? What agreement is there between the temple of God and idols? For we are temples of the living God. As God has said, "I will live with them and walk among them, and I will be their God and they will be my people."
>
> 2 Cor. 6:14-16

After graduating from the University of Messina in 1942 with degree in tax law, Michele Sindona earned a lucrative living by buying and selling on the black market. He bought food and supplies that had been stolen from the American post exchange (PX) in Palermo and smuggled it to Messina where it was sold to the starving population for a huge profit. To gain permission to engage in this business, Sindona turned to the archbishop of Messina who introduced him to Vito Genovese, who had returned to Sicily after being accused of the gangland slaying of Ferdinand "the Shadow" Boccia, a small-time crook in America.'

Genovese, who was known as "Don Vitone," was one of the leading figures in Murder, Inc. As underboss to Lucky Luciano (Salvatore Luciana), he ran the narcotics racket and the white slavery trade in Manhattan. Along with his boss, Genovese had planned and executed the murder of Joe Masseria, the American Mafia's "boss of all bosses."2

The arrangement worked well. Sindona granted Genovese a percentage of his profits for protection, and Genovese granted the young entrepreneur freedom to operate without interference from other mafiosi. Sindona was not alone in this enterprise. Everybody in the Sicilian Mafia from the capos to the lowest piciotto was making a bundle. Almost everything that Italians ate, wore, smoked, and drove during the Allied occupation came from American military bases. "How did I accumulate my fortune?" Don Luciano Leggio explained to his prosecutors in court many years later. "I did the black market during and after the war. Just think! You could buy a quintal of grain from the Farm Board for 2,000, 2,500 lire and sell it on the black market for 15,000."3

Don Luciano Leggio was not only a Mafia capo but also the leader of Anonima Sequestri, a quasi-Fascist political group in Palermo. Leggio befriended Sindona and accepted him into his crime family. Through the capo, Michele came to know Fr. Agostino Coppola, who later was accused of masterminding one murder and the kidnapping of several Italian business and political leaders. Father Coppola was not the only Catholic priest in the Sicilian Mafia.4 The clergy regularly crossed the line of peaceful coexistence with the mob. In 1962 four Franciscan monks were tried, convicted, and sentenced to thirteen years imprisonment for conspiracy, extortion, and manslaughter.5 In 1978 Fr. Fernando Taddei, prior of St. Angelo's Cathedral in Rome, was arrested for buying ransom money-at 70 percent of face value-from his Mafia family and washing it through Vatican financial institutions.6 Such laundering was necessary since ransom money was numbered and easily traced. Sindona, from the start of his

career, learned to look upon Catholic prelates not only as spiritual pastors but also as potential partners in crime.

In 1946 Sindona moved to Milan where he set up shop as a tax expert and business consultant. As American capital poured into postwar Italy thanks to the "economic miracle" of De Gasperi and the Christian Democrats, he came to specialize in guiding the investments through Italy's complex tax laws. He proved to be talented, ambitious, and totally corruptible. He had learned, thanks to his friendship with Vito Genovese, the importance of omerta.

What's more, thanks to his association with Don Luciano Leggio, he had learned the importance of establishing ties to the Roman Catholic Church. Through his associates in Milan, Sindona became friends with Monsignor Amleto Tondini, an official of the Roman Curia. The monsignor's sister, as it turned out, was married to one of Sindona's cousins. Monsignor Tondini, as one of the "family," introduced Michele to Massimo Spada, a member of the "Black Nobility"-the descendants of aristocratic families that had opposed the seizure of the Papal States by Garibaldi. Spada served as a delegato or "delegate" of the Vatican Bank under Bernardino Nogara.7 Through Spada, Sindona came to know a progressive cardinal who had been exiled to Milan by Pius XII. The cardinal's name was Giovanni Batista Montini.

Vito Genovese returned to America at the end of the war, when all witnesses to the murder of Ferdinand "the Shadow" Boccia disappeared. With Lucky Luciano in exile (deported to his native Sicily after being convicted of white slavery), Genovese initiated a campaign of murder to gain the title of "boss of bosses." He was responsible for the death of Willie Moretti in 1951, Steve Franse in 1953, and Albert Anastasia-the head of Murder, Inc.-in 1957. To consolidate his power and to establish an international drug trade, Genovese formed an association with Carlo Gambino, the respected capo of the Gambino family in New York. Throughout these years,

Genovese remained in contact with Sindona, whom he dubbed "the young shark."

Then came the invitation. Sindona was asked to attend a family dinner at the Grand Hotel des Palmes in Palermo on November 2, 1957. The dinner lasted twelve and a half hours in a closed-off section of the seafood restaurant overlooking the waterfront. In this setting, amid overstarched linen and tassled menus, chilled wine and candles, pasta alle sarde and pesce arrosto, La Cosa Nostra-"our thing," that is, the international Mafia-came into being.

Mafia luminaries from two continents attended the glittering affair. The list included Lucky Luciano, Joseph ("Joe Bananas") Bonanno, Carmine Galante, Tommaso Busceto, Frank Costello (representing the Gambino family), along with representatives of the New York Lucchese and Genovese families. Also in attendance from the United States were Antonio, Giuseppe, and Gaspare Magadinowho ran Buffalo-and John Prizziola, who ran Detroit. Don Giuseppe Genco Russo led the Sicilian contingency. With him at the dinner table were a dozen of the island's mammasantissima ("most sanctified mothers' sons"), including Salvatore "Cichieddu" ("Little Bird") Greco, scion of the mighty Greco family; Calcedino Di Pisa (Greco's underboss); and the La Barbera brothers.8

The purpose of the dinner was to organize the international drug trade. The Sicilians would be responsible for the flow of heroin from the Golden Triangle of Burma, Laos, and Thailand into processing centers in Turkey and Bulgaria and to seaports in Poland, Portugal, and Italy. The Americans would be responsible for the distribution in "territories" throughout the United States and the collection of "rent," that is, the mob's share of the profits from dealers and distributers.9

With the huge profits from this trade, the families needed a banker who could move large quantities of cash in and out of Italy without disturbing the tranquility of the country's taxation departments. They also needed someone who could invest their earnings in respectable companies throughout the world: someone who would enable them to

"go legit." The banker would have to be a Sicilian with established Mafia ties, a person who was trained in business and law and who understood the intricacies of banking and finance. Michele Sindona was the man of the hour.

Several weeks after the Mafia summit conference, Sindona created with mob money a Liechtenstein holding company called Fasco AG. The new company purchased a bank in Milan, the Banca Privata Finanziaria, known as BPF. It also acquired the Banca di Messina in Sindona's native Sicily and the Banque de Financement in Geneva. Sindona sold blocks of shares in his banks to other banks, including Hambros Bank of London, Continental Illinois, and the Vatican Bank.10

Sindona's banking enterprise flourished as billions of dollars from the international drug trade flowed from Sicily to Switzerland. At the same time Sindona learned one of the cardinal rules of theft: the best way to steal from a bank is to buy one. In 1966 Carlo Bordino, with underworld connections and years of experience with multimilliondollar foreign-exchange deals, examined the activities at BPF and was overwhelmed by his discoveries. Twelve years later Bordino related these activities to Milan authorities from a prison hospital in Caracas. In a sworn affidavit, he wrote: "When I started to go to BPF during the summer of 1966, I was deeply affected by the chaos that reigned in the various sectors. It was a tiny bank that was able to survive only thanks to the margins that emanated, duly masked, of course, from a myriad of `black operations' that BPF effected on behalf of Credito Italiano, Banca Commerciale-Italiana, and other important national banks. These foreign currency black operations, a vast illegal export of capital, took place daily and large figures were involved. The technique was really the most coarse and criminal that can be imagined."11

Bordino found a vast number of overdrawn accounts without any real guarantees and for amounts greatly in excess of the legal limit of a fifth of the capital and reserves. He also found massive incidents of

theft. The staff at BPF was transferring large amounts of money from the accounts of depositors without their awareness. These sums were moved to an account held by the Vatican Bank. The Vatican Bank, in turn, transferred the amounts-minus a 15 percent commission-to Sindona's account at the Banca de Financement in Geneva. Sindona's account in his Swiss bank was named for his sons: MANI, MA for Marco and NI for Nino.12

If a client at BPF complained that a check had bounced or that his account should contain more than was listed, he was told to take his business elsewhere. If he continued to complain, a manager would appear and say, "It's simply an accounting problem that we shall rec tify." If he threatened to contact the authorities, he would spend his last moments "swimming with the fishes."

Bordoni's discoveries at the Banca de Financement in Geneva were equally hair-raising. The managers spent all day playing the stock, commodity, and currency markets for Sindona. When they lost, the losses were transferred to a client's account. When they won, the profit was placed in Sindona's account.

The Vatican Bank, in addition to owning 29 percent of the bank, had several accounts at Banca de Financement. Bordoni was shocked to discover that these accounts "reflected exclusively gigantic speculative operations that resulted in colossal losses."13 A shell company called Liberfinco (Liberian Financial Company) financed these losses, along with the losses of other major speculative investors. At the time of Bordoni's inspection, Liberfinco was displaying a loss of $30 million. By the time Swiss bank officials appeared on the scene in 1973, the losses of this shell company had increased to $45 million. When the Swiss informed Sindona that he had forty-eight hours to close Liberfinco or they would declare Banque de Financement bankrupt, Sindona closed Liberfinco and opened another shell company, Aran Investment of Panama, which displayed an immediate deficit of $45 million.'4

After uncovering such shenanigans in Sindona's banks, Bordoni tried to distance himself from his employer. Sindona responded by using one of his classic techniques: blackmail. Bordoni had broken the law in his foreign speculations. Sindona threatened to report these transgressions to the Bank of Italy. Bordoni stayed and assisted Sindona in the operation of a massive international brokerage company called Moneyrex.

Created by Sindona in 1964, Moneyrex established relations with 850 client banks throughout the world and conducted business in excess of $200 billion a year." Through this brokerage firm, Italy's richest and most powerful individuals could squirrel away enormous fortunes illegally and safely in foreign banks. Sindona performed this service for a commission that fluctuated between 15 and 20 percent. He also kept a secret ledger that incriminated his "confidential clients." The list would serve as his lifesaver when his bloated corporate vessel sank.

By 1969 Sindona was the most powerful financier in Italy and the perfect person to address the Vatican's problems with the Italian government. The "Gruppo Sindona" included six banks in six countries, the international CIGA Hotel chain, Libby Foods, and five hundred other companies. He controlled the stock market in Milan where 40 percent of the shares traded on any given day were under his control. His ability to influence Italy's financial condition was so profound that former Prime Minister Giulio Andreotti proclaimed him as "the savior of the lire. 1116

Sindona was now a "man of honor" in the Sicilian and American Cosa Nostra. For this reason he received an invitation to join the highly secret Masonic society called "Propaganda Due." Its grand master was the most skilled practitioner of the art of blackmail in Italy: Licio "the Puppet Master" Gelli.

# 11
# The Secret Society

> For you were once darkness, but now you are light in the Lord. Live as children of light (for the fruit of light consists in all goodness, righteousness and truth) and find out what pleases the Lord. Have nothing to do with the fruitless deeds of darkness, but rather expose them. For it is shameful even to mention what the disobedient do in secret.
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> Eph. 5:8-12

Licio Gelli once declared that "the doors of all bank vaults open to the right," a metaphorical claim about the willingness of big-moneyed concerns to fund the types of right-wing activities that he, the Puppet Master, orchestrated. Gelli had been a leader of the Blackshirts Battalion during the Spanish Civil War, when aristocrats and the Catholic Church provided ongoing support to General Franco. During World War II, Gelli served as a key liaison officer to the elite German SS Division under Field Marshall Hermann Goring. His work involved spying on the Italian partisans and reporting their actions to his German masters.I

Gelli accumulated a great deal of wealth while stationed in the Italian town of Cattaro, where the national treasures of Yugoslavia were hidden. The treasures in the form of gold bars never made it back to Yugoslavia. In 1999 Italian police authorities stumbled upon 150 of these gold bars, worth more than $2 million, in patio flowerpots and between the begonias that decorated Gelli's villa in Tuscany.2

Additional wealth came from Gelli's involvement in operating the Vatican "ratlines" with Fr. Krujoslav Dragonovic. Gelli's fee was 40 percent of the total cash on hand from each fleeing "rat." This demand, coupled with the Vatican's take of 40 to 50 percent, left the Nazis penniless when they arrived in Argentina and other neutral countries. One of the most notable rats helped by Gelli was Klaus Barbie, the "Butcher of Lyons." The Vatican sheltered the Gestapo chief for several months before placing him under the care of Gelli. Barbie was not obliged to pay the Vatican or Gelli. The cost was borne by the United States Counterintelligence Corps that kept Barbie in its employ until 1951.3

During the Cold War, Gelli became a commander of "Operation Glaudio," a CIA undertaking that sought to establish networks throughout Europe to thwart the spread of Communism. By 1972, when Gelli established friendships with White House Chief of Staff

and former NATO Supreme Commander Alexander Haig, the Glaudio network had mushroomed to over 15,000 operatives throughout the world. Haig, according to secret service sources, had approved the release of millions to support Gelli's operations to thwart Communism.4

To realize his dream of a resurrected Fascist order in modern Italy, Gelli turned to the rehabilitated Masonic movement. Ironically, his beloved leader Benito Mussolini had banned Freemasonry as a "state within a state." But the democratic Italian government had permitted the Masons to resume their activities, and lodges began to pop up throughout the country.

Gelli joined a conventional Masonic lodge in November 1963. He rapidly rose to third-degree membership-a status that permitted him to lead a lodge. Grand Master Giordano Gamberini urged Gelli to form a circle of influential Masons who could promote the growth of Freemasonry throughout Italy. Gelli responded with the creation of "Propaganda 2" (P-2) also known as "Raggruppamento Gelli."s The goal of this ultrasecret society within a secret society became more grandiose than the return of a fascist form of government in Italy. It sought the establishment of extreme right-wing governments throughout the world.

Gelli's plan reads like the scenario of a madman in an espionage thriller, if not an Austin Powers spoof. But the plan was well funded and enormously successful. And in a short period of time, Gelli became richer and more powerful than the fictitious Blofeld and his organization, more elaborate and sinister than Ian Fleming's criminal network of Specter in James Bond novels.

By 1969, when Sindona joined the order, P-2 boasted members such as Italy's Armed Forces Commander Giovanni Torrisi, Secret Service chiefs Giuseppe Santovito and Giulio Grassini, the head of Italy's financial police Orazio Giannini, Chief Surgeon Dr. Joseph Michell Crimi of the Palermo Police Department, General Vito Micili of the SID, General Raffaele Giudice of the Finance Guard, Supreme

Council Magistrate Ugo Zilletti, cabinet ministers, politicians of every political ilk except Communists, thirty generals, eight admirals, newspaper editors, television executives, and top business executives.6

One of Gelli's greatest recruiting victories was the enrollment of Carmelo Spagnuolo into his secret society. Spagnuolo was the chief public defender in Milan and later the president of the Italian Supreme Court.7 This was to ensure that P-2 would have justice on its side.

Gelli employed a variety of techniques to attract new members to his organization. One was the standard method of personal contact and introduction to the order from already existing members. Another was more sinister. When a recruit joined P-2, he was obliged to demonstrate his loyalty by conveying to Gelli documents that would compromise not only himself but other candidates. When candidates were confronted with the evidence of their misdeeds, they generally caved in and joined the order. This proved to be the case of Giorgio Mazzanti, the president of ENI (Ente Nazionale Idrocarburi), the Italian oil company. Faced with incriminating evidence of his acceptance of huge bribes and payoffs from a pending Saudi oil deal, Mazzanti took the vow of secrecy, joined the elite Masonic order, and conveyed to Gelli even more compromising information.8

Within ten years of its creation, P-2 established branches in Argentina, Venezuela, Paraguay, Bolivia, France, Portugal, Nicaragua, West Germany, and England. In the United States its members came from the Gambino and Luchesse Crime Families. Looking into the relationship between the Mafia and the garbage industry, investigative reporters discovered in 1996 that several owners of leading landfills and waste-hauling businesses in Pennsylvania and New Jersey had ties not only to the New York crime families but also to P-2.

Gelli was responsible for Juan Peron's return to power, the reign of General Anastasio Somoza in Nicaragua, and the Triple-A death squads in Argentina, Colombia, and Brazil. In South America, Gelli

maintained close relations with Klaus Barbie and worked with the exGestapo chief to establish the "Fiances of Death" in Bolivia-a group responsible for the assassination of Socialist leader Marcelo Quiroga and the rise to power of General Garcia Meza. With the blessings of the Bolivian junta, Gelli and Barbie set about to regulate the cocaine industry, destroying the small dealers so that that the big drug traffickers-those who cooperated with the Sicilian Mafia-would be transformed into mighty crime lords with private armies.9

Gelli and Barbie also began to sell arms to Bolivia and other right-wing South American regimes. They even managed-incredibly enough-to sell an arsenal of sophisticated weaponry to Israel.'0

According to the CIA, P-2 remained busy in Italy, wreaking havoc to prevent what the group saw as the ultimate disaster: a Communist government elected to power by the democratic process. Recently released CIA documents link Gelli's Masonic group to acts of terrorism, including the bombing of the Rome-Munich express train-the Italicus-in 1969 that killed 12 people and injured 48; the 1969 bombing of Milan's Piazza Fontana that killed 16 and injured 88; and the 1980 bombing of a train station in Bologna that killed 85 and injured 182. P-2 has also been implicated in the Red Brigade's murder of Italian Prime Minister Aldo Moro in 1978 and the gruesome assassination of Magistrate Vittoria Occorsio.ll This "strategy of terror" was hugely successful. Blame for these acts was placed on the Red Brigade and other left-wing organizations, and, moreover, the attempts to bring about a "historic compromise" between the Communists and Christian Democrats came to an abrupt halt.

Meanwhile, Gelli continued to expand his circle of friendship. In 1981 the Grand Master of P-2 was so well connected that he received a special invitation to attend the inauguration of President Ronald Reagan.12 He also developed friends within the Roman Catholic Church, including Cardinal Paolo Bertoli, a fellow Tuscan. Through Bertoli, Gelli came to know Cardinals Sebastiano Baggio, Agostino Casaroli, Ugo Poletti, and Jean Villot. Through these

princes of Holy Mother Church, Gelli obtained a series of private audiences with Pope Paul VI, who was so enchanted with his new acquaintance that he dubbed Gelli a Knight of Malta and a Knight of the Holy Sepulcher. 1 a Such knights are supposed to serve as papal protectors. Obviously, the Holy Father was unaware that Gelli was not a Roman Catholic, let alone a Mason.

Freemasonry is anathema to Roman Catholicism. The 1917 Code of Canon Law applied the censure of excommunication to all individuals who joined a Masonic lodge. This ruling was upheld by the 1983 code that declares: "The Church's negative position on Masonic associations remains unaltered since their principles have always been regarded as irreconcilable with the Church's doctrine." It goes on to say: "Catholics enrolled in Masonic associations are involved in serious sin and may not approach Holy Communion." Despite this adamant condemnation, the overwhelming majority of members of P-2 were Roman Catholics, who saw in the organization an opportunity to oppose the spread of Socialism and Communism as well as a means to make powerful connections.

Nonetheless, investigators probing into the spread of P-2 were shocked to discover that leading Vatican officials (including cardinals) and Roman Catholic hierarchs (including prominent bishops and archbishops) were members of Masonic lodges-many with ties to P2. The names became available when the Italian government upheld its ruling that the names of all individuals belonging to secret societies, such as Masonic lodges, be made public. In 1976 the Bulletin de l'Occident Chretien published a list of alleged Masons with prominent positions within the Roman Catholic Church, along with the dates of their initiation, their Masonic code numbers, and when known, their Masonic names. A sampling of names (as reprinted by the Catholic Apologetic End Times Ministry) is as follows:

Alberto Alboni, bishop of Livorno. Initiated 8-5-58. I.D. #7-2431.

Pio Abrech, member of the Sacred Congregation of Bishops. 11-27-67. #63-143.

Gottardi Alessandro, president of Fratelli Maristi. 6-14-59.

Fiorenzo Angelini, bishop of Messenel in Greece. 10-14-57. #14-005.

Augustin Bea, cardinal, Vatican secretary of state under Pope John XXIII and Pope Paul VI.

Sebastiano Baggio, cardinal, prefect of the Sacred Congregation of Bishops. 8-14-67. #85-1640. Masonic code name "SEBA." Cardinal Baggio served as the Vatican secretary of state under Pope John Paul II.

Salvatore Baldassarri, bishop of Ravenna. 2-19-58. #4315-19. "BALSA."

Cleto Belluchi, coadjutor bishop of Fermo. 6-4-68. #12-217.

Luigi Bettazzi, bishop of Ivera, Italy. 5-11-66. #1347-45. "LUBE."

Franco Biffi, rector of St. John Lateran Pontifical University and private confessor to Pope Paul VI. 8-15-59. "BIFRA."

Gaetano Bonicelli, bishop of Albano, Italy. #63-1428. "BOGA."

Alberto Bovone, substitute secretary of the Sacred Office. 3-30-67. #254-3. "ALBO."

Mario Brini, archbishop, Vatican secretary of Chinese, Orientals, and Pagans, and member of the Pontifical Commission to Russia. 7-7-68. #15670. "MABR.I."

Annibale Bugnini, archbishop, author of the reformed Catholic liturgy Novus Ordi Mass. 4-23-63. #1365-75. "BUAN."

Michele Buro, bishop, prelate of the Pontifical Commission to Latin America. 3-21-69. #140-2. "BUMI."

Agostino Cacciavillan, Vatican secretarat of state. 11-6-60. #13-154.

Umberto Cameli, director in Office of the Ecclesiastical Affairs of Italy in regard to education in Catholic doctrine. 9-5-57. #21- 014. "GICA."

Agostino Casaroli, cardinal. 9-28-57. #41-076. "CASA." Cardinal Casaroli served as the Vatican secretary of state under Pope John Paul II from 1979 until his retirement in 1989.

Flaminio Cerruti, chief of the Office of the University of Congregation Studies. 4-2-70. #76-2154. "CEFLA."

Luigi Dadagio, bishop and papal nuncio to Spain. 9-8-67. #43B. "LUDA."

Enzio D'Antonio, archbishop of Trivento. 6-21-69. 3214-53.

Donate De Bons, bishop. 6-24-68. #321-02. "DEBO."

Aldo Del Monte, bishop of Novara, Italy. 8-25-69. #32-012. "ADELMO."

Giuseppe Ferraioli, member of the Sacred Congregation for Public Affairs. 11-24-69. #004-125. "GIFE."

Angelinin Fiorenzo, bishop, Vicar General of Roman Hospitals and Commendator of the Holy Spirit. 10-14-57.

Vito Gemmiti, Sacred Congregation of Bishops. 3-25-68. #54- 13. "VIGE."

Alessandro Gottardi, archbishop of Trent and Procurator and Postulator General of Fratelli Maristi. 6-13-59. "ALGO."

Carlo Grazinai, rector of the Vatican Minor Seminary. 7-23-61. #156-3. "GRACA."

Antonio Greganin, Tribune of First Causes for Beatification. 10-19-67. #8-45. "GREA."

Pio Laghi, papal nuncio to Argentina. 8-24-69. #0-538. "LAPI." Monsignor Laghi later served, under Pope John Paul II, as papal nuncio to the United States.

Giovanni Lajolo, member of the Council of Public Affairs of the Church. 7-27-70. #21-1397. "LAGI."

Angelo Lanzoni, chief of the Office of Vatican Secretary of State. 9-24-56. #6-324. "LANA."

Virgillio Levi (alias Levine), assistant director of the official Vatican newspaper L'Osservatore. 7-4-58. #241-3. "VILE." Under Pope John Paul II, Monsignor Levi came to manage the Vatican radio station.

Lino Lozza, chancellor of Rome Academy of St. Thomas Aquinas of Catholic Religion. 7-23-69. #12-768. "LOLL"

Archille Lienart, cardinal, bishop of Lilie, France. Grand Master of Masonic lodges, Cardinal Lienart represented the progressive forces at the Second Vatican Council.

Pasquale Macchi, cardinal, Pope Paul VI"s Prelate of Honor and private secretary. 4-23-58. #5463-2. "MAPA."

Francesco Marchisano, Prelate of Honor of the Pope and secretary for seminaries and universities. 2-4-61. #4536-3. "FRAMA."

Salvatore Marsili, abbot of the Order of St. Benedict of Finalpia near Moderna, Italy. 7-2-63. #1278." "SALMA."

Antonio Mazza, archbishop of Velia and secretary general of Holy Year, 1975. 4-14-71. #054-329. "MANU."

Dino Monduzzi, regent of the Pontifical House. 3-11-67. #190-2. "MONDI."

Marcello Morgante, bishop of Ascoli Piceno in East Italy. 7-22- 55. #78-3601. "MORMA."

Teuzo Natalini, vice president of the Archives of the Secretariat of the Vatican. 6-17-67. #21-44d. "NATE."

Carmelo Nigro, rector of the Pontifical Seminary of Major Studies. 12-21-70. #23-154. "CARNI."

Virgillio Noe, head of the Sacred Congregation of Divine Worship. 4-3-61. #43652-21. "VINO."

Vittorie Palestra, legal council of the Sacred Rota of the Vatican State. 6-6-43. #1965. "PAVI."

Salvatore Pappalardo, cardinal and archbishop of Palermo. 4- 15-68. "SALPA."

Michele Pellegrino, cardinal and archbishop of Turin. 5-2-60. #352-36. "PALMI." Cardinal Pellegrino had been dubbed "Protector of the Church" by Pope Paul VI.

Mario Pimpo, vicar of the Office of General Affairs. 3-15-70. #793-43. "PIMA."

Pio Vito Pinto, attache of the Vatican secretary of state and notary of the Supreme Tribunal and of the Apostolic Signature. 42-70. #3317-42. "PIPIVI."

Ugo Poletti, cardinal and vicar of the Diocese of Rome. 2-17-69. #32-1425. "UPO." Cardinal Poletti also served as president of Pontifical Works and the Preservation of the Faith and president of the Liturgical Academy.

Mario Rizzi, prelate bishop of the Honor of the Holy Father, the Pope and member of the Sacred Congregation of Oriental Rites. 9-16-69. #43-179. "MARI," also MONMARI (in recognition of his status as a monsignor).

Florenzo Romita, member of the Sacred Congregation of the Clergy. 4-21-56. #52-142. "FIRO."

Pietro Rossano, member of the Sacred Congregation of NonChristian Religions. 2-12-68. #3421-a. "PIRO."

Aurelio Sabbatani, archbishop of Giustiniana, Milar Province, Italy and first secretary supreme of the Apostolic Signature. 6-22- 69. #87-42. "ASA."

Francesco Santangelo, substitute general of Defense Legal Counsel. 11-12-70. #32-096. "FRASA."

Pietro Santini, vice official of the Vicar. 8-23-64. #326-11. "SAPI."

Gaetano Scanagatta, member of the Sacred Congregation of the Clergy and the Commission of Pomei and Loreto. 9-23-71. #42-023. "GASCA."

Mario Schierano, Titular bishop of Arida (Acri in Cosenza Province, Italy) and chief military chaplain of the Italian Armed Forces. 7-3-59. #14-3641. "MASCHL"

Domenico Semproni, member of the Tribunal of the Vicarate of the Vatican. 4-16-60. #00-12. "DOSE."

Mario Giuseppe Sensi, titular archbishop of Sardi (Asia Minor near Smyrna) and papal nuncio to Portugal. 11-2-67. #18911-47. "GIMASE."

Leo Suenens, cardinal and protector of the Church of St. Peter in Chains (outside Rome). 6-15-67. #21-64. "LESU."

Dino Trabalzini, bishop of Rieti (Reate, Perugia in Italy) and auxiliary bishop of Southern Rome. 2-6-65. #61-956. "TRADI."

Antonio Travia, titular archbishop of Termini Imerese and head of Catholic Schools. 9-15-67. #16-141. "ATRA."

Vittorio Trocchi, secretary for the Catholic Laity in the Consistory of the Vatican State Consultations. 7-12-62. #3-896. "TROVI."

Roberto Tucci, director general of Vatican Radio. 6-21-57. #42-58. "TURO."

Piero Vergari, head protocol officer of the Vatican Office Segnatura. 12-14-70. #3241-6. "PIVE."

Jean Villot, cardinal and secretary of state under Pope Paul VI. "JEANNI" and "ZURIGO." Cardinal Villot served as Camerlengo (Treasurer) under Pope John Paul II.

The publication of the list led to several arrests (including the arrest of Gelli, who managed to escape from prison by bribing a guard) for criminal conspiracy, the dismissal of two cabinet members, and the resignation of Italy's justice minister Adolfo Sarti. Sarti was not named, but a document found in Gelli's home showed that the justice minister had applied for membership.14

When Michele Sindona joined P-2 in 1964, he appeared before Grand Master Licio Gelli and took the following oath: "I swear to all who are present, I swear to all whose identities are sealed in the

vaults of Propaganda 2, and especially I swear to your Worshipful MasterNaja Hannah ("King Cobra"-Gelli's Masonic name)-that I will be loyal to our brothers and to the cause. I swear on this steel (Gelli handed Sindona an axe) to fight against the evils of Communism, to strike a blow in the face of liberalism, and to fight for the establishment of a presidential government. I swear to help my brothers and never betray them. And if I fail, if I should perjure myself (Gelli, at this point in the ceremony, cut a photograph of Sindona into four pieces), my body should be cut into pieces (Gelli tossed the pieces into a fire) and burned to ashes like the ashes of this image."ls

As a member of P-2, Sindona became fast friends with Paul Marcinkus, a rough-and-tough Catholic cleric from Chicago. Marcinkus's parents were Lithuanian immigrants who spoke little English and struggled to make ends meet. His father cleaned windows and his mother worker in a bakery. During his high school career between 1936 and 1940, Marcinkus was an outstanding football player who intimidated all others on the field. He measured six feet three inches and weighed 230 pounds. Upon graduation he was offered scholarships, but decided to become a priest. He was ordained in 1947.

After serving as a parish priest in Chicago, he became assigned to the Vatican Secretary of State's office in 1952, thanks to the intervention of his patron Cardinal Samuel Stritch.

In 1964 Pope Paul VI, during a visit to downtown Rome, was in danger of being trampled to death by an overly enthusiastic crowd. Marcinkus came to the rescue. Using shoulders, elbows, and hands, he cleared a way through the crowds for the cowering pontiff. The following day Paul VI appointed him as a papal advisor and "unofficial" bodyguard. From that day on, he became known in ecclesiastical circles as "the Gorilla."

Marcinkus traveled with "the pilgrim pope" to India, Portugal, Turkey, and the United States. During Paul VI's visit to the Philippines, he saved the Holy Father from an assassination attempt.

He was naturally outgoing and developed quick friendships. He loved good liquor and good cigars and could play golf better than any Scottish Presbyterian. Small wonder that the hierarchy, including the Holy Father, fancied the lovable hulk from Chicago to be a natural businessman. In 1964 he was consecrated a bishop, a prelato d'onore, and assigned as a special assistant to Cardinal Alberto di Jorio. In 1967 he joined the Masonic Order of Propaganda 2. In 1969 he met his lodge brother Michele Sindona, who had been appointed as Paul VI's financial advisor with complete control of all Vatican finances. The meeting seemed providential and propitious. Bishop Paul Marcinkus had been appointed to replace Cardinal Vagnozzi as president of the Vatican Bank. In Sindona's eyes, Marcinkus was the perfect appointment. "I have no banking experience," the "Gorilla" openly admitted to the press.'6

# 12
# High Times, New Crimes

A certain ruler asked him, "Good teacher, what must I do to inherit eternal life?" "Why do you call me good?" Jesus answered. "No one is good-except God alone. You know the commandments: `Do not commit adultery, do not murder, do not steal, do not give false testimony, honor your father and your mother. " "All these I have kept since I was a boy," he said. When Jesus heard this, he said to him, "You still lack one thing. Sell everything you have andgive to the poor, and you will have treasure in heaven. Then come, follow me."

Luke 18:18-22

The first step in unloading the Vatican's vast holdings in Italy, since such holdings were now deemed taxable by the Italian government, was the selling of Societa Generale Immobilaire that had produced a fortune in earnings for the Roman Catholic Church since Bernardino Nogara had purchased the Italian construction company in 1934, during the Great Depression. In 1969 Immobilaire shares were selling for 350 lire. Michele Sindona purchased 143 million shares from the Vatican at double the market price-700 lire per share-with money that had been illegally converted to his account from deposits at Banca Privata Finanziaria.I Sindona was willing to pay much more than the shares were worth in order to win favor with the Holy See. What's more, he was paying with the money that he had stolen from depositors at his various banks.

In the same way, Sindona purchased the Vatican's majority ownership of Condotte d'Acqua, Italy's water company, and Cermica Pozzi, a chemical and porcelain company.2 To spare the pope from any embarrassment, he also bought Sereno, the Vatican's pharmaceutical company that produced oral contraceptive pills.

These transactions were conducted with extreme secrecy to escape the attention of Italy's tax collectors. The shares of Immobilaire were transferred first to Paribas Transcontinential of Luxembourg, a subsidiary of the Banque de Paris et des Pay Bas. The shares were then transferred to Sindona's holding company, Fasco AG in Liechtenstein.

Despite these diversionary techniques, the press got word of the sales and pressured the Holy See for a response. Through a spokesman, Pope Paul VI said: "Our policy is to avoid maintaining control of our companies as in the past. We want to improve investment performance, balanced, of course, against what must be a fundamentally conservative investment philosophy. It wouldn't do for the Church to lose its principal in speculation."3

When Italian journalists questioned Sindona about the sales, he refused to comment, saying that he was obliged to maintain the confidentiality of his client, Holy Mother Church.

Next the pope's banker began to unload the Church's remaining shares in Italian companies to buyers such as the Hambros Bank of London, Continental Illinois, and the American conglomerate Gulf & Western.4 Sindona invested the Vatican's profits from these transactions in American companies, such as General Foods, Chase Manhattan, Colgate, Standard Oil, Westinghouse, General Motors, Proctor and Gamble, and Dan River.5

The liquidation of the massive Vatican holdings, as engineered by Sindona, had a disastrous effect on Italy's economy. The lire dropped precipitously in value. Unemployment rose. The cost of living increased. The savings of millions of families were wiped out, almost overnight.

During this time Sindona developed a close working relationship with Charles Bludhorn of Gulf & Western. The new friends engaged in trading worthless stocks back and forth at face value to create a false market. In 1972 the U.S. Securities and Exchange Commission demanded a halt to the two men's ceaseless exchange of securities.6

Also during this time, Gulf & Western-through its motion picture company, Paramount Pictures-was filming The Godfather, a glamorous look at life in the Mafia. Immobilaire, the giant real estate and construction firm Sindona had purchased from the Vatican, owned Paramount Studios in Hollywood, where the film was shot.7 Through arrangements with Bludhorn, profits from the Coppola epic flowed into Sindona's banks and companies along with millions from the Mafia's international narcotics trade. Life, indeed, was imitating art.

Sindona made other important friends, including Roberto Calvi, a fellow member of P-2 and president of Banco Ambrosiano in Milan, and David Kennedy, President Nixon's first secretary of the treasury

and chairman of the Continental Illinois National Bank and Trust Company. Sindona managed to have the bulk of the Vatican's investment in U.S. stocks funneled through Continental Illinois. Similarly, Kennedy arranged for Continental Illinois to purchase 20 percent of Sindona's Banca Privata Finanziaria in Milan.8 Kennedy became a director of Fasco International, one of Sindona's holding companies, and was later sued for $54 million by the Italian government for illegally conspiring with Sindona to sell Talcott Corporation, an asset of Banca Privata Finanziaria, to a group of Utah businessmen.9

Sindona also became friendly with Richard Nixon. The two lunched together on several occasions. Nixon, in fact, had recommended to many of his clients and associates that they should avail themselves of Sindona's expert investment and banking services. 10

In addition to such influential friends, Sindona collected a series of young women as mistresses, including a honey-eyed Hollywood starlet known as Lana Turner. Turner later told reporters that Sin dona was the only man she was never bored with. "Michele had tremendous courage," she said. "He was a great champion, a wonderful lover, and a kind person to his friends. But at the same time, he was driven to be godlike. He did what he wanted. He did not live by the laws and morals of others. How could he? He was above all of us. He was a fantasy that lived. He was like the Godfather."II

By 1970 Michele Sindona, by his own admission, controlled the Milan stock market. It was a control that he exploited for criminal gain again and again. On any given day he could cause shares in various companies to rise and fall like yo-yos, since he owned directly or managed for his banking clients 40 percent of all the stocks traded.12 The manner in which he manipulated the market to his sole advantage is evidenced in his acquisition of a small, insignificant, leathertanning company called Pacchetti.

Sindona decided to transform Pacchetti into a conglomerate like Gulf & Western. But instead of purchasing interests in movie studios, publishing firms, and airlines like his American model, Sindona's firm busied itself buying unprofitable steelworks and companies that made commercially unsuccessful household products. Pacchetti, in fact, became a commercial garbage can. But it did contain one asset of considerable value-the option to buy the Banca Cattolica del Veneto, a prestigious Catholic bank. Sindona managed to acquire the option from Bishop Marcinkus, who was a participant in the scheme.I" Banca Cattolica del Veneto was flush with the savings of the faithful from the most prosperous region of northern Italy. Its real estate holdings, including the beautiful medieval buildings that housed its many branches, were enormous.

Roberto Calvi, Sindona's third partner in crime, agreed on a specified date to purchase from Sindona an investment company called Zitropo Holding. This agreement paved the way for one of Sindona's illegal manipulations of the Milan stock exchange.

The book value of Pacchetti in 1971 was 250 lire per share. Sindona ordered the stock exchange department of the Banca Unione, under the management of P-2 lodge member Ugo De Luca, to purchase all available Pachetti shares.14 The shares were then sold to several Sindona-owned financial institutions at a greatly inflated rate. The price of the shares skyrocketed, reaching 1,600 lire on the stock exchange within a matter of months.

In March 1972, when the day for Calvi's purchase of Zitropo Holding finally arrived, the Sindona companies suddenly unloaded their Pacchetti shares and began purchasing massive shares of Zitropo, a company that had come to possess the option to buy Banca Cattolica del Veneto. This buying frenzy immediately inflated the value of Zitropo, a company wholly owned by Calvi. Sindona, having funded the entire operation with fictitious guarantees and no cash transactions, made a neat profit in excess of $40 million. From

this he provided a kickback of $6.5 million: $3.25 million to Calvi and $3.25 million to Bishop Marcinkus.ls

Cardinal Albino Luciani, the patriarch of Venice, smelled a rat in the sale of the Catholic bank to Calvi. The bank had served to fund Catholic charities and to support Catholic building projects. Now the assets of this parochial institution would be used to fatten the purse of a greedy Milanese businessman. Cardinal Luciani approached Bishop Marcinkus at the Vatican Bank. Marcinkus heard him out and said: "Your Eminence, have you nothing better to do today? You do your job and I'll do mine." Upon saying this, Marcinkus ushered Luciani to the door.16 It was a movement that the president of the Vatican Bank later would come to regret. In 1978 Luciani would become John Paul I and the meeting with Marcinkus would remain deeply etched in his memory.

The money used to balloon the value of Pachetti, whose value suddenly fell to seventy-five lire per share, came from hapless clients in Sindona's banks, many of whom had never authorized the transactions. Several of these clients-including a customer named Jacometti, who lost more than $500,000 in the transaction-initiated lawsuits. But the suits were squashed through Licio Gelli's "contacts within the judicial system" and several "talks" with the injured clients.'7

By 1976 Calvi, through his association with Sindona, had amassed more than $50 million, which he kept in four secret accounts at the Union de Banques Suisses and the Credit Bank of Zurich: account number 618934, account number 619112, account number Ralrov/G21, and account Ehrenkranz.18

Wanting Holy Mother Church to prosper, Sindona encouraged Marcinkus to invest a sizeable portion of the Vatican assets (acquired by the sale of its Italian holdings) in his Swiss Bank-Banque de Financement in Geneva. The Vatican with Sindona and several of his associates now owned the central laundry for Mafia drug money.

This investment also allowed the Catholic Church to benefit from Sindona's use of the Swiss bank for "double invoicing." Concerning this practice, Carlo Bordoni later told authorities: "It was less succulent than the kickbacks earned through the illegal exportation of black money but it still reached a high figure." 19

The practice of "double invoicing," as practiced by Sindona, was simple. Exports were invoiced at costs that were much lower than the real amounts. The doctored invoices were paid through the Bank of Italy. Records of these payments were immediately conveyed to Italy's Taxation Department. This meant that the exporter would be taxed at the low figure. The balance would be paid by the receivers of the exported goods directly to the Banque de Financement. In many cases Sindona's exporting companies would display a loss so that the illegal transactions would result in a harvest of tax credits from the Italian government.20

For years Sindona greased the palms of various politicians and elected officials so that the double invoicing would continue without official interference. He was accustomed to making such pay-offs. Sindona even attempted to "show his faith in America" by delivering a suitcase with $1 million in cash to Maurice Starts, Nixon's chief fund-raiser in the 1972 presidential campaign. When Sindona insisted that the gift must remain a secret, Starts declined to accept the suitcase because new federal regulations outlawed such anonymous election gifts.21

Sindona's star burned high and bright in the heavens. In 1972, when he moved from Milan to Geneva, Sindona was one of the wealthiest men in the world. He could buy or do anything that tickled his fancy. He had a loyal wife and a string of beautiful mistresses. He had powerful friends and associates waiting and willing to do his bidding. On February 17, 1972, the Wall Street journal described him as "Italy's Howard Hughes," who was one of the world's "most respected financiers." In January 1974 John Volpe, the U.S. Ambassador to Italy, named Sindona "the Man of the Year" at a

ceremony in Rome's Grand Hotel. Giulio Andreotti, Italy's prime minister, kissed Sindona's hand and hailed him as "the Savior of the Lira." But the star would soon fade and fall from on high. By October of that same year Sindona would be a fugitive and the Vatican would become enmeshed in a devastating scandal regarding counterfeit securities.

# 13
# The Counterfeit Church

> Do not give dogs what is sacred; do not throw your pearls to pigs. If you do, they may trample them under their feet, and then turn and tear you to pieces.
>
> Matt. 7:6



June 29, 1971, Vincent Rizzo, an underboss of the Genovese crime family, traveled to the Churchill Hotel in London for a meeting with Leopold Ledl, an Austrian con man. It concerned a matter that captured the interest of Matteo de Lorenzo ("Uncle Marty"), who had succeeded Charles "Lucky" Luciano and Vito Genovese as capo of the crime family.' At sixty-two, Uncle Marty was a short, stout man with a round, open face and a ready smile. He looked like a harmless, congenial guy who might be at home behind the counter of a neighborhood grocery store. But, in truth, Uncle Marty was neither harmless nor congenial. He had climbed from the slums of the lower East Side to serve as a soldier during the internecine gang wars of the 1930s, 1940s, and 1950s. He had grad uated from bootlegging to loan sharking, and from loan sharking to counterfeiting. He was not the type of man anyone would want to cross. Uncle Marty could order an execution with a smile on his face.

Michele Sindona, one of the men most esteemed by the Gambino and Genovese families, had brought a certain matter to Uncle Marty's attention. The Roman Catholic Church, Sindona had said, wanted to purchase $1 billion in counterfeit securities through Ledl, an approved middleman, and Uncle Marty was the right man to handle the order. The very notion of Holy Mother Church wanting to engage in such a transaction made Rizzo shake his head. But Uncle Marty had received assurance that the deal was "legit," that is, "a sure thing." And Rizzo was in no position to question Uncle Marty, let alone such a respected family member as Don Michele, the pope's banker.

Rizzo was a swarthy shylock, operating out of the Columbia Civic League Club; supplying money to businessmen, restaurant owners, and other big-league borrowers in Manhattan; and employing a crew of strong-armed thugs to make sure that payments were made on time. Rizzo's rap sheet filled several pages. He had been arrested for car theft, transportation of stolen bonds in interstate commerce,

robbery, possession of illegal weapons, and a string of felonious assaults with blackjacks and guns. FBI and Interpol officials knew that Rizzo also ran a ring that moved stolen weapons to South America; that he was a major distributor of cocaine and heroin; and that he dealt with counterfeit securities with outlets throughout the world.'

The man whom Rizzo had traveled to meet-the suave and sophisticated Leopold Ledl-was also a subject of interest to the FBI and Interpol. He was involved in gunrunning, drug trafficking, and counterfeiting securities. The Austrian millionaire had important connections in Italy. His friends included Mario Foligni, the selfstyled "Count of San Francisco," who ran an insurance and finance company called Nuova Sirce with offices in Rome and Munich; Dr. Tomasso Amato, Milanese lawyer and swindler, who specialized in bogus paintings, documents, and securities; and Remigio Begni, a leading Rome stockbroker who was not too concerned about the origin and destination of the stocks he sold.'

Through Foligni, who had been awarded honorary degrees in theology by the Vatican, Ledl established friendships with a host of ecclesiastical dignitaries, including Cardinal Giovanni Benelli, Paul VI's assistant secretary of state; Cardinal Edigio Vagnozzi, head of the Vatican's Office of Economic Affairs; Cardinal Amleto Giovanni Cicognani, secretary of state emeritus; and Cardinal Eugene Tisserant, dean of the college of cardinals.4 Such exalted figures were regular dinner guests at Ledl's lavish wooded estate outside Vienna.

Early that year Cardinal Tisserant invited Ledl to his office in the Vatican to discuss a matter of particular urgency. Tisserant, as Ledl later related the details of the meeting to FBI Agent Richard Tamarro and New York City Detective Joe Coffey, spoke of the declining status of the Vatican's treasury and of how Bishop Paul Marcinkus, in his capacity as head of the Vatican Bank, had made a series of "ill-considered" investments that had cost the Church millions of dollars. The cardinal then asked Ledl if he had any ideas or suggestions how

the financial situation of the Vatican could be improved. Ledl had plenty of ideas but few that he would like to share with a man of such power and dignity, an esteemed prince of Holy Mother Church.

"No ideas at all, my friend from Vienna?" Tisserant pressed. "Surely, a man with your experience and connections must know some way to obtain a great many securities that would help the Vatican in its present situation."

Ledl asked what kind of securities.

"First-class securities, of course," Tisserant replied, "in large American companies."

Such securities would be expensive and difficult to obtain, Ledl said.

"If they are counterfeit?" Tisserant queried mildly.

"What amount do you have in mind?" Ledl asked.

Close to a billion dollars, the cardinal answered. To be precise, the figure he had in mind was $950 million.

But, Ledl pressed, wasn't the Vatican concerned with what might happen if caught with such an enormous amount of bogus certificates? It was one thing for a businessman, such as Ledl, or a large corporation to engage in such a venture. It was a different matter for such a sacred institution as the Roman Catholic Church.

Tisserant said he wasn't at all concerned. The American government would never accuse Holy Mother Church of dealing in counterfeit stocks and bonds. The very notion of such a charge would strike investigators as preposterous. If it were discovered that the Vatican possessed such phony securities, U.S. authorities would simply assume that the Church had fallen victim to some

unscrupulous swindlers and would step in to make restitution for any losses.

"How much would the Vatican be willing to pay for such firstclass counterfeit merchandise?" Ledl asked.

Sixty-five percent of the face value or $625 million, Tisserant responded. Of course, Ledl would be expected to provide a quarter of this amount-a sum of $150 million-to Tisserant and Archbishop Marcinkus for the development of the plan. This would leave about $450 million for Ledl and his associates.'

The deal was irresistible. The two men agreed and Ledl set out to fill the Church's order. He made contact with Manuel "Ricky" Jacobs in New York, who brought the matter before the Gambino family. At the same time, Sindona made contact with Uncle Marty to offer an assurance that the request for the counterfeit securities was "for real"6 and that Led], at an arranged meeting, could provide "tangible proof" of authorization from the Holy See. Sindona knew that such proof was necessary. The deal was going to cost a lot of money-for the plates, the paper, the engravers, the printing, and the couriers. And neither Uncle Marty nor any other member of the Gambino and Genovese crime families had any knowledge of Leopold Ledl.'

At the meeting within an elegant suite of the Churchill Hotel, as New York Times investigator Richard Hammer records in The Vatican Connection, Ledl was accompanied by Maurice Ajzen, who served as an interpreter. Three men sat in the suite with Rizzo. One was Ricky Jacobs, the man whom Ledl had contacted to make the deal; another was Ricky's son Jerry, an aspiring hoodlum. Seated next to Rizzo was a short, stout, older man with half-closed eyes. Rizzo introduced him as Dr. Greenwald, a "business associate" from Los Angeles.8

Ledl, after the necessary formalities were exchanged, opened his attache case and removed a document that he had obtained that very morning in Rome. The document on the letterhead of the Sacra

Congregazione Del Religiosi, now in the possession of the FBI, read as follows:

To Whom It May Concern:

Following our meeting which took place today, we wish to confirm the following points:

We are willing to buy the complete stock of merchandise up to the sum of $950,000,000.

We are agreed upon the terms and dates of the consignment, as indicated below:

9.3.71 per 100

10.9.71 per 200.

10.10.71 per 200

10.11.71 per 250

10.12.71 per 200

It is understood that the last two consignments, most probably, could be made together on 10.11.71.

We guarantee that the merchandise will not be resold up to and not after 1.6.72.

Yours faithfully, (Illegible signature)

Rome. June 29. 1971

Rizzo studied the document and showed it to Dr. Greenwald, who nodded his head and smiled. This was the assurance that the family had been promised. Rizzo, after conferring with Dr. Greenwald in

private, informed Ledl that his associates would begin turning out the counterfeits without delay so that the established delivery dates could be met. Rizzo also said that the family would be willing to pay a 1 percent penalty-amounting to $9.5 million-if they were late with the delivery. Such a payment, if necessary, would be a statement of the mob's goodwill and faith in Holy Mother Church.9

Ledl informed Rizzo and his associates that the Vatican would have to see and examine a sample package to make sure the merchandise was acceptable. The sample should be prepared as quickly as possible. Rizzo turned to Dr. Greenwald, who gave a nod of approval.

Ledl and Rizzo agreed that a $14.5 million sample of various types of securities ought to be sufficient. Mafia couriers would deliver the package to Ledl and his associates at the Cavaliers Hilton in Rome.'°

After settling all matters concerning the split, Rizzo and his associates declined Ledl's invitation to dinner. They were anxious to return to the states to make the necessary arrangements. Niceties were exchanged before a limousine arrived to transport the visiting mobsters to the Rome Airport. Ledl was elated. He had made the deal of a lifetime. The Austrian con man was set to earn $250 million within a matter of months. He never realized that the mysterious Dr. Greenwald was none other than Matteo de Lorenzo, "Uncle Marty," the wily old capo of the Genovese family."

As soon as Rizzo returned to New York, the work got underway. Louis Milo prepared the plates for the certificates at his printing shop on Avenue A and Twelfth Street in Little Italy. He was assisted by Ely Lubin, a master engraver, who worked with "black printers" (that is, specialists in forgeries) in a shop on Melrose Avenue in Los Angeles. William Benjamin of Philadelphia, the master forger for the Genovese family, applied the finishing touches. The sample product consisted of 498 bonds of American Telephone and Telegraph (AT&T), valued at $4,980,000; 259 bonds of General Electric, valued at $2,590,000; 412 bonds of Chrysler, valued at $2,060,000; and 479 bonds of Pan

American World Airways, valued at $4,780,000.12 The total face value of the phony securities was $14,410,000.

The bonds were delivered to Ledl by Uncle Marty's couriers. Ledl, in turn, conveyed the counterfeits to the Vatican for inspection by Cardinal Tisserant, who inspected them and found them to be satisfactory.

As the Vatican waited for the remainder of the securities to be delivered, Bishop Marcinkus wanted to satisfy himself that the bonds would pass as genuine. Late in July he ordered Mario Foligni to make a trial deposit of $1.5 million at the Handelsbank in Zurich. When Foligni opened the account, he named Monsignor Mario Fornasari, a secretary at the Vatican, as the beneficiary. The securities passed inspection by the bank officials, a tribute to the Genovese family's skill in forgery. 13

In September, Marcinkus directed Foligni to make a second trial deposit-this time of $2.5 million at the Banco di Roma with Alfio Marchini, the owner of the Leonardo da Vinci Hotel and close friend and emissary of Bishop Marcinkus, as beneficiary. The securities were examined and certified as authentic.14

The problem arose when officials of both banks sent samples of the bonds to New York for physical examination. The Bankers Association in New York determined that the securities were counterfeit. Word was sent to Interpol. When Foligni was questioned, he sang like a canary, stating that he had acquired the securities from Leopold Ledl. When Ledl was questioned, he, too, broke into song and chirped about Vincent Rizzo, the Genovese family, the Vatican, and Cardinal Tisserant. Ledl and Rizzo were arrested, tried, and convicted, along with Ricky Jacobs, Jerry Jacobs, William Benjamin, Tomasso Amato, Remigio Begni, and Uncle Marty. Louis Milo, the master counterfeiter, was found murdered in the trunk of his car. Foligni managed to escape the long arm of the law by claiming that he was operating as an agent for the Vatican's secretary of state and, therefore, subject to diplomatic immunity.

By the time William Lynch, chief of the Organized Crime and Racketeering Division of the U.S. Department of Justice, and William Aronwald, assistant chief of the New York Strike Force, managed to cut through the red tape at the Vatican to arrange an interview with Tisserant, the Cardinal was dead of natural causes and already buried. The investigators then sought to question Bishop Paul Marcinkus. It took more than a year before their request for a visit to the inner sanctum of the Vatican Bank was granted.

The interview, as taped by Lynch and Aronwald, began with the investigators questioning Marcinkus about Michele Sindona.

"Michele and I are good friends," Marcinkus said as he puffed on a large Cuban cigar. "We've known each other for several years. My financial dealings with him, however, have been very limited. He is, you know, one of the wealthiest industrialists in Italy. He is well ahead of his time as far as financial matters are concerned."

When asked about his "limited" dealings with Sindona, Marcinkus replied: "I do not believe it necessary to break banking secrecy laws in order to defend myself."

"If it becomes necessary, are you prepared to testify in a United States court?" Lynch asked.

"Well yes," Marcinkus said, "if it's absolutely necessary."

Lynch got down to business and asked: "Do you have a private numbered account in the Bahamas?"

"No," Marcinkus responded.

"Do you have an ordinary account in the Bahamas?"

"No," Marcinkus said in a matter-of-fact manner, "I don't."

"Are you quite sure, Bishop?" Lynch pressed.

"The Vatican does have a financial interest in the Bahamas," Marcinkus replied, "but it's strictly a business transaction similar to many controlled by the Vatican. It's not for any person's private financial gain."

"No," Lynch continued, "we are interested in personal accounts you have."

"I don't have any private or personal account in the Bahamas or anywhere else," Marcinkus said.15

The investigators must have known that everything Marcinkus said was untrue. The bishop was a member of the board of directors of Banco Ambrosiano Overseas in Nassau and had been since 1971; he took regular trips to the Bahamas, and personally owned 8 percent of the Nassau bank's stocks. They also must have known of the bishop's private accounts at Sindona's banks throughout Italy, and the small fortune Marcinkus had stashed away, compliments of his dealings with Sindona and P2, at the Banque de Financement in Geneva.'6

Following the meeting, U.S. officials pursued the prospect of ordering the indictment of Marcinkus. The bishop, after all, was an American citizen and subject to American justice. This meant that he could be extradited to stand trail. Such a measure seemed necessary. More than $10 million in phony securities were still held by the Vatican, and there existed a strong possibly that even more of the $1 billion order might have been signed, sealed, and delivered.

But the Nixon administration called a halt to the investigation. The matter was much too delicate and could result in a political backlash by American Catholics.'? It was decided that it was better to forget about the $10 million, the mob, and Marcinkus. After all, the government couldn't send agents across the Tiber with .45 semiautomatics, search warrants, and handcuffs. "We were not about to waste that amount of taxpayers' money," William Aronwald later said, "unless we took the evidence very seriously indeed. At the end

of the investigation the case against Marcinkus had to be filed for lack of evidence that might have convinced a jury." 18

# 14
# The Crash of Vatican, Inc.

Therefore everyone who hears these words of mine and puts them into practice is like a wise man who built his house on the rock. The rains came down, the streams rose, and the winds blew and beat against that house; yet it did not fall, because it had its foundation on the rock. But everyone who hears these words of mine and does not put them into practice is like the foolish man who built his house on sand. The rain came down, the streams rose, and the winds blew and beat against that house, and it fell with agreat crash.

Matt. 7:24-27

 s Bishop Paul Marcinkus extolled the banking brilliance of Michele Sindona to the U.S. investigators, the Shark's financial enterprise was beginning to crumble. An elementary rule of finance says that anyone who steals vast sums of money from a bank will create a gaping hole in the financial institution. As the hole expands, it cannot be filled with statements of false profits. It must be plugged with hard cash, revenue to balance the books and regain some measure of fiscal equilibrium. But when such holes appeared in his two major banks-Banca Unione and Banca Privata FinanziariaSindona attempted to solve the problem by merging the two firms into one gigantic firm called Banca Privata. The two large holes became one massive hole that even the most myopic bank examiner in Milan could not ignore. By July 1974 Sindona's new bank displayed a loss of 200 billion lire.' Sindona managed to convince the directors of Banca di Roma to sink $200 million into Banca Privata in an attempt to fill the troublesome hole. But the tactic didn't work. The hard cash was not enough to keep the institution from collapsing. By September 1974, less than three months after its creation, Banca Privata went into compulsory liquidation with losses over $300 million. The Banca di Roma went into near collapse because of its ill-advised attempt to come to Sindona's rescue. The Vatican, by its own admission, lost more than $27 million in the collapse, along with the amounts it had invested in Banca Unione and Banca Privata Finanziaria. The loss to Holy Mother Church, by Swiss estimates, exceeded $240 million.2 Others calculated the losses to be in the region of $1 billion.3

At the same time a huge hole appeared in Franklin National Bank, a financial institution that Sindona bought in 1972, as a result of the Shark's fraudulent removals. The appearance of the hole seemed inexplicable. Franklin National was the eighteenth largest bank in the United States and one of the healthiest, with assets of $3.3 billion.' But within two years Sindona managed to empty the coffers of the

Long Island institution. The U.S. government, fearing that the collapse of the Long Island bank could have serious repercussions throughout the country, provided Sindona with unlimited funds to keep the bank solvent. Between September and October 1974 over $1 billion flowed from the Federal Reserve into Franklin. Such efforts proved to be of no avail. On October 8 Franklin National collapsed, causing losses of over $2 billion to the Federal Deposit Insurance Company. It was the biggest bank failure in American history and the first since the Great Depression.

Combing the ashes of the Franklin National, U.S. officials discovered that Sindona had pilfered $45 million from the bank on the eve of the its demise-an amount that he squandered in his attempts to manipulate foreign currency speculations and to shore up the losses in his Italian operations.5

After the collapse of Banca Privata and Franklin National, the sound of Sindona's falling financial institutions reverberated throughout Europe. In a matter of weeks Bankhaus Wolff of Hamburg, Bankhaus Herstatt of Cologne, and Amincor Bank of Zurich lay in financial ruins.6 Uncounted billions fell through a huge crevice-a crevice that became known in the Italian press as Il Crack Sindona.

The Italian authorities issued a warrant for Sindona's arrest, and the Shark fled Switzerland and made off to New York, where he took up residence at the discreetly elegant Hotel Pierre on Fifth Avenue and became the "financial consultant" of Johnny Gambino's G & G (Gambino and Genovese) Company.' Upon advice from David Kennedy, former secretary of the treasury under President Nixon, Sindona hired the Richard Nixon/John Mitchell law firm of Mudge, Rose, Guthrie & Alexander to help in his fight against extradition.8 He also hired a public relations consultant who arranged for Sindona to deliver lectures at leading American universities.

At the University of Pennsylvania, Sindona waved the American flag and spoke as an economic idealist. He began his address by saying: "The aim, perhaps an ambitious one, of this brief talk is to

contribute to restoring the faith of the United States in its economic, financial, and monetary sectors, and to remind it that the free world needs America."9

At Columbia University, several days after he was sentenced in absentia by a Milan court to three and a half years in prison for embezzlement, Sindona upheld the importance of high morals and fiscal accountability by saying: "When payments are made with the intent of evading the law in order to obtain unfair benefits, a public reaction is clearly called for. Both the corrupted and the corrupter should be punished."10

The appearances of Sindona at such prestigious institutions seemed to be ripped out of the pages of Mad magazine. The financial capo of the Sicilian Mafia was lecturing ivy-league students-the future business leaders of America-on business ethics, financial strategies, and the creation of idyllic "cosmo-corporations."

In September 1975, when photos of Sindona being greeted by New York Mayor Abraham Beame appeared in the international press, cries of outrage could be heard throughout Italy. The Italian newspaper Corriere della Sera fumed: "Sindona continues to release statements and interviews and continues, in his American exilerefuge, to frequent the jet-set. The laws and mechanisms of extradition are not equal for all. Someone who steals apples can languish in prison for months, perhaps years. An emigrant working abroad who does not reply to his draft board is forced to come back and face the rigors of the military tribunal. For them, the twists and turns of the bureaucracy do not exist."

In the United States, Sindona remained impervious to such wails and laments. Johnny Gambino, and other New York mafiosi, treated Sindona as an uomo rispettato (dear person). They called him Don Michele and held banquets in his honor. Nino Gambino, Johnny's son, later recalled that members of the crime family constantly sought out Sindona and exclaimed: "Don Michele, you are the greatest of all Sicilians. We are proud of you. Let us help you with your problems.

Tell us who you want killed. Tell us who these bastards are. We will do this for you because we respect you. No money, Don Michele. We murder only for our friends."II

Sindona may have provided such a list because five of the Italian investigators who probed into the affairs of "the pope's banker" (including the Bank of Italy's attorney Giorgio Ambrosali) became victims of mob-style assassinations.12 Others who ventured to testify against "Don Michele" met a similar fate. Gratiziano Verzotto, the former regional secretary of the Christian Democracy Party, was gunned down in Palermo after talking to authorities about bribes he had received from Sindona. Verzotto managed to survive, but he got the message and fled to Beirut.'3 Others, including Giuseppe Di Cristina, who knew the intricacies of Sindona's connection with the flow of heroin throughout the Western world, were not so lucky. Di Cristina was murdered on a street in Palermo. On his body police discovered checks that had been drawn from Swiss banks that had been controlled by Sindona.14

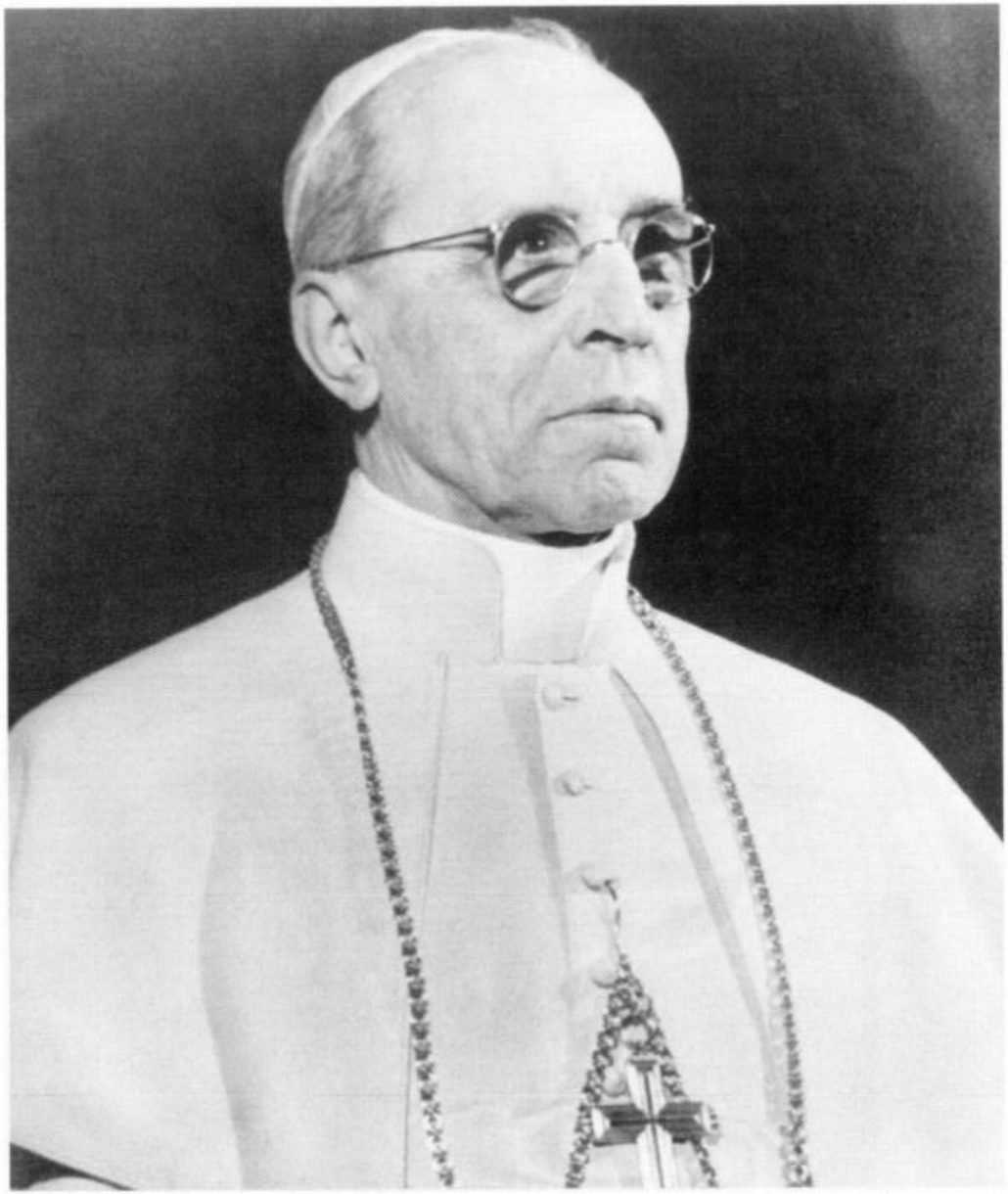


Achille Ratti, Pope Pius XI. (Photo from Catholic News Service.)

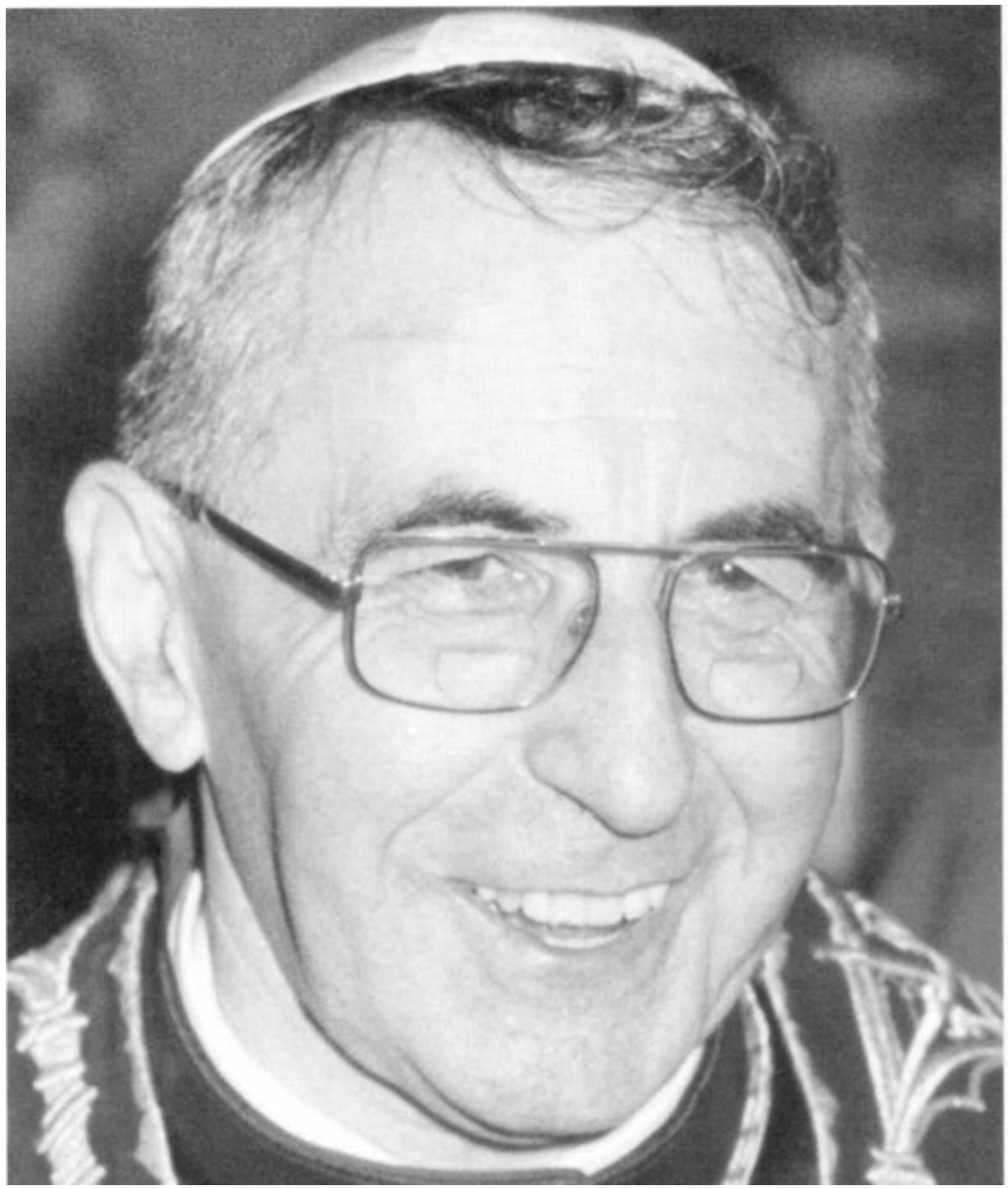
Angelo Roncalli, Pope John XXIII.
*(Photo from Catholic News Service.)*

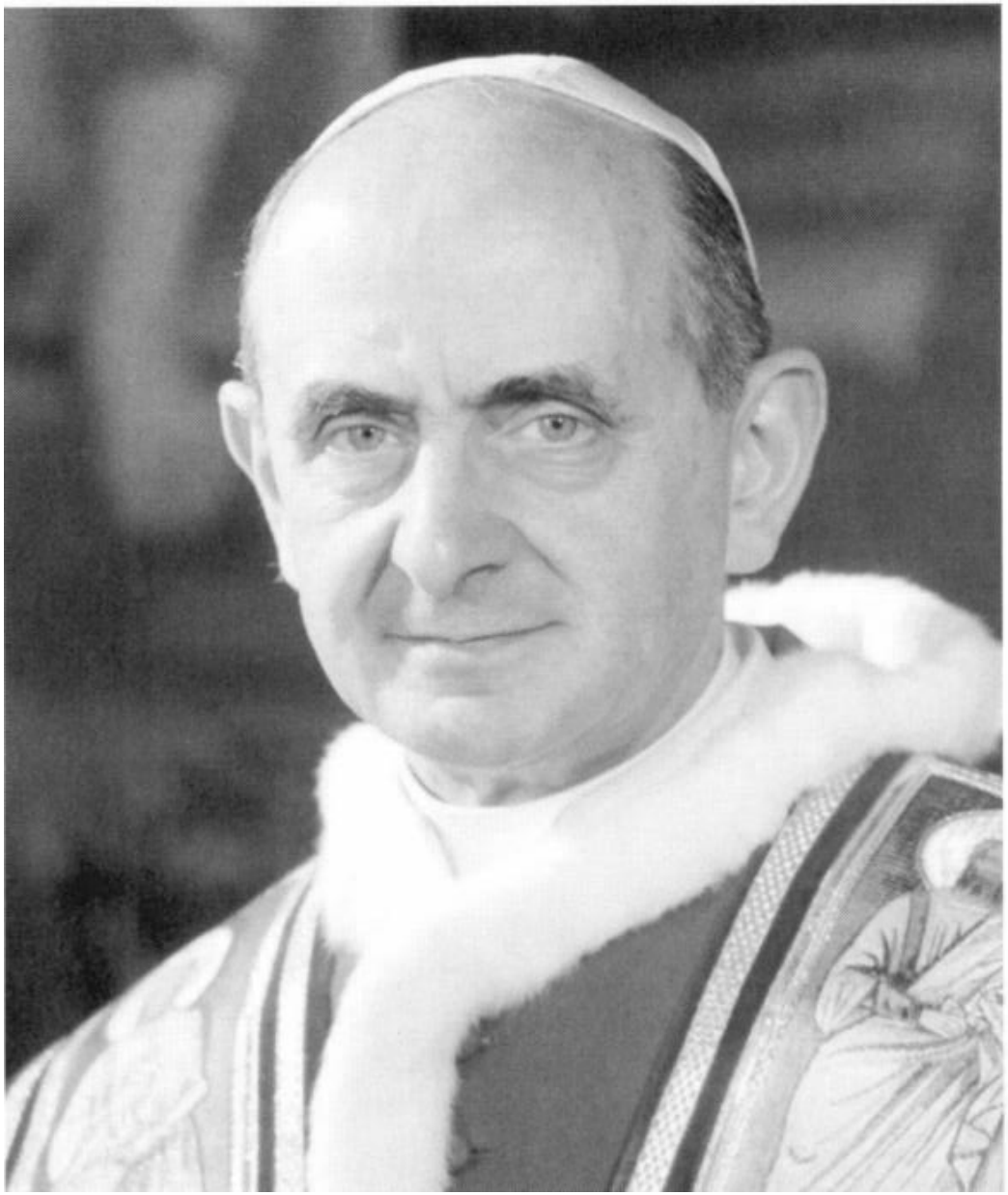


Eugenio Pacelli, Pope Pius XII.
*(Photo from Catholic News Service.)*

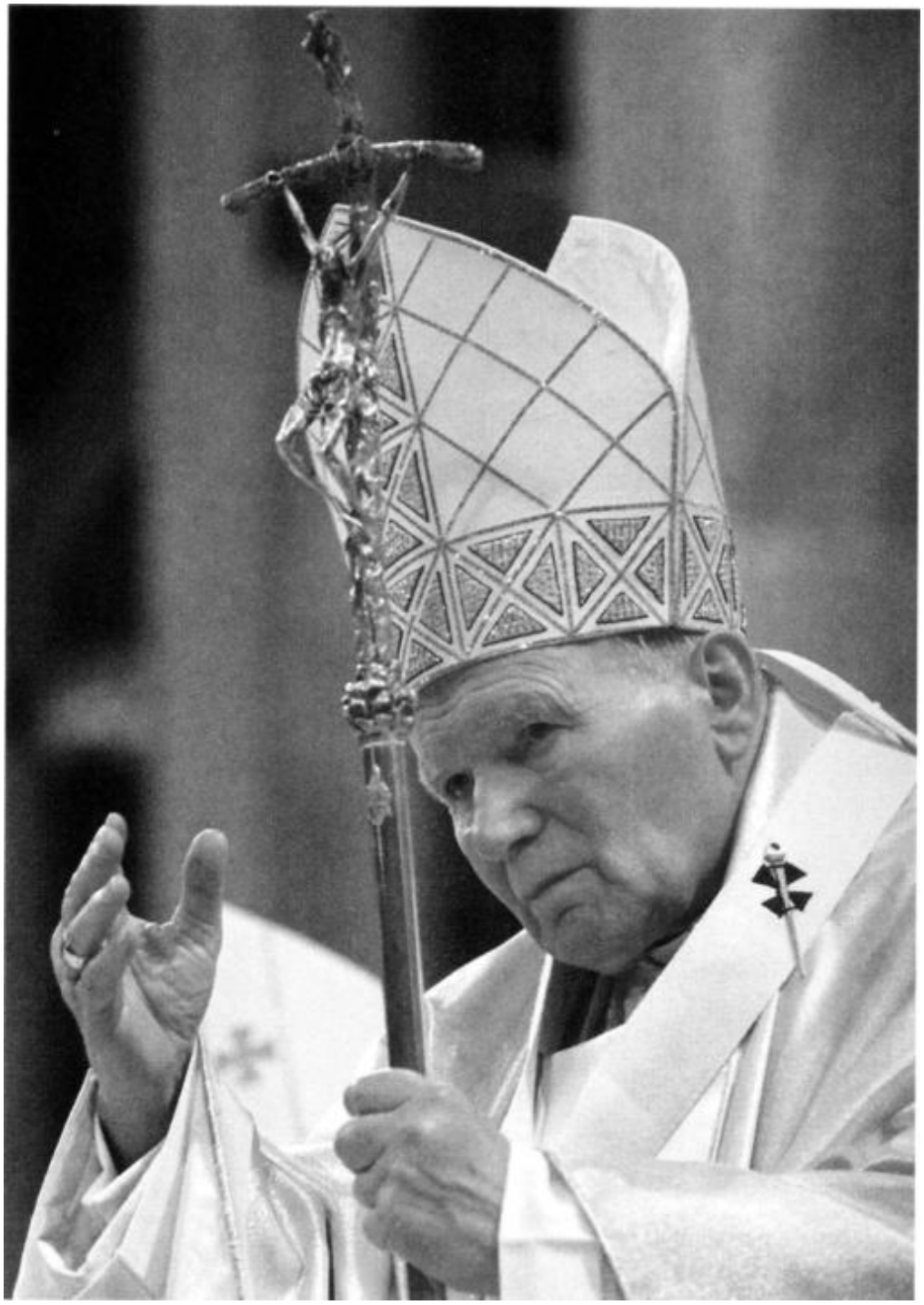


Albino Luciani, Pope John Paul I.
*(Photo from Catholic News Service.)*





Giovanni Battista Montini, Pope Paul VI.
*(Photo from Catholic News Service.)*



Karol Wojtyla, Pope John Paul II. (Photo from Catholic News Service.)

In September 1976 the Italian authorities finally succeeded in having Sindona arrested in New York. In the company of his friends

and supporters, Sindona expressed shock, surprise, and profound displeasure that "the United States chose now, some two years after these false charges were lodged against me in Italy, to begin these extradition proceedings, I want to emphasize that the charges were made in Italy on the basis of little or no investigation, and, on their face, are false." The Shark was booked in New York Criminal Court, detained in a holding cell, and released on $3 million bail.

Sindona and the Genovese family employed every means at their disposal to ward off the extradition. Fund-raising events for Sindona's legal defense were held throughout Little Italy. Unfortunately, the family members, being thieves, neglected to turn over all the proceeds from such dinners and banquets to Sindona's team of lawyers. Rather they skimmed 50 percent off the top for themselves.15

Distinguished individuals were used to plead for the Shark in court. Carmelo Spagnuolo, president of the Supreme Court in Rome, swore that the charges against the Sicilian were part of a Communist plot to undermine leading industrialists of Italy. He claimed left-winged extremists within Italy's judiciary had devised the plot and that Sindona-"a great protector of the working class"-would be killed as soon as he arrived on Italian soil." Spagnuolo's testimony was supported by Licio Gelli, who told the court: "The Communists' hatred of Michele Sindona is due to the fact that he is an anti-Communist and that he has always been favorable to the free enterprise system in a democratic Italy. 1117

Michele Sindona may have been wanted by law enforcement officials in Italy and welcomed by the Mafia in America, but the bronze doors to the Holy See were now closed to him. As Italian investigations uncovered "the Vatican connection," Paul VI became a subject of scorn and derision. Stories appeared in the press that the Holy Father had lost up to $1 billion because of his clandestine dealings with the Mafia. On the left of the theological spectrum, the Jesuits attacked the pope for his interference in Italian politics and his

placement of "the Church's future in the hands of Satan." On the right, Tridentine conservatives, including French Archbishop Marcel Lefebvre, demanded Paul VI's abdication. The Traditionalist, a Catholic weekly newspaper, after publishing a detailed account of the Sindona affair in February 1973, called the pope "a traitor to the Church."

Bishop Marcinkus was forced to submit to the indignity of intensive questioning by Italian officials about his transactions with Sindona on a personal basis and as a representative of the Vatican. Marcinkus performed as expected. In April 1973 he had said to U.S. investigators: "Michele and I are very good friends. We've known each other for many years." Two years later, when questioned by the Italian magazine L'Expresso, Marcinkus said: "The truth is that I don't know Sindona. How can I have lost money because of him?"

Pope Paul VI fell into a purple funk. His behavior became erratic. He spoke with his confidants about the possibility of resigning. Before he would agree to set aside the tiara, the pope said that he would have to make amends for the financial loss he had caused the Church. He wished to retain the right to name his successor, and he requested the abolishment of the four-hundred-year-old decree that prohibited popes from selling their sanctified positions as vicars of Christ to the highest bidders among the cardinals.18 This would permit him to raise a fortune for Holy Mother Church-the fortune he had lost due to his dealings with the Mafia.

The pope complained of loss of sleep. He wandered through the corridors of the Lateran Palace in the wee hours of the morning, often complaining of an ominous presence within the Holy See. "The smoke of Satan has entered the Church. It is around the altar," he told his attendants.'9

At last the Holy Father regained his senses. He knew how to overcome the problems. He would permit Bishop Marcinkus to make a new and better deal-this time with Sindona's replacement as a

financial capo for the Mafia and paymaster to P-2-with Roberto Calvi, the president of Banco Ambrosiano.

However, Roberto Calvi wasted no time involving the Vatican in one shady business scheme after another. On November 19, 1976, Calvi acquired 53.3 percent of Banco Mercantile of Florence on behalf of the Vatican Bank. On December 17 the shares were conveyed to the Milan brokerage film of Giammei and Company. By sleight of hand, the shares became "parked" that same day at the Vatican Bank. But there was a problem. The Vatican did not have sufficient funds in the account where the shares had been transferred. This problem was solved by the creation of a new account with a sudden and rather miraculous credit balance of 8 billion lire (over $10 million). Six months after these strange transactions, on June 29, 1977, Giammei and Company bought back the shares through a firm called Credito Commerciale of Milan. At this point, Calvi, on behalf of his firm Immobiliare XX Settembre, purchased the bank stock from Credito Commercial.

It was a dazzling shell game. Every time the shares changed hands, they displayed a dramatic increase in value. The original value of the Banco Mercantile stock had been 14,000 lire per share. On June 29, when Credito Commerciale sold the shares to Calvi, its value had increased to 26,000 lire per share.20 By selling himself shares he already owned at twice the original price, Calvi artificially increased the value of the bank stock. The shares of Banco Mercantile now seemed the hottest items on the Milan stock exchange. This permitted Calvi to unload the bloated stock to Anna Bonomi, a business rival, for 33 billion lire ($40 million). For the privilege of using the Vatican's name and facilities in this scheme, Calvi graciously provided a kickback of 800 million lire to the Vatican Bank.21

The Banco Mercantile was one scheme among many. The Vatican Bank began to earn huge annual payments from Calvi for its willingness to engage in fraudulent ventures. The papal coffers once

more were being filled to overflowing. But in August 1978 the cash flow suddenly stopped. Pope Paul VI died of a heart attack at Castel Gandolfo and his successor-Albino Lucian, who called himself Pope John Paul I-issued a call for reform.

# 15
# The Pope Must Die

> You snakes! You brood of vipers! How will you escape being condemned to hell? Therefore, I am sending you prophets and wise men and teachers. Some of them you will kill and crucify; others you will flog in your synagogues and pursue from town to town. And so upon you will come all the righteous blood that has been shed on earth, from the blood of righteous Abel to the blood of Zechariah son of Berekiah, whom you murdered between the temple and the altar.
>
> Matt. 23:33-35

Before his death Pope Paul VI decided to put to task the col of cardinals by making the process of electing his successor as grueling as possible. Knowing that previous conclaves had been "bugged,"' he left instructions that all cardinals swear a solemn oath-under penalty of excommunication-not to divulge the results of the balloting to any outside sources or to discuss the results with other princes of the Church. Swiss Guards were placed on guard outside every entrance and beneath every window, just in case one of the octogenarian cardinals attempted to escape from a high tower.

Within the Sistine Chapel, where the conclave was held, the cardinals, who were accustomed to living in regal splendor within luxurious apartments, were assigned to single rooms-"cells," as Pope Paul VI called them-without any amenities. Before entering the cells the cardinals were searched by guards for "bugging" devices" or other means of communication, including pencils and notepads.

At the start of the conclave, on August 25, 1978, the 111 cardinals were marched in silence to the chapel. The presiding cardinal-the "Carmelengo"-took roll call and ordered the purpled prelates to kneel while beating their breasts and chanting the Latin hymn, "Veni Creator Spiritus." Many members of the sacred assembly must have been disgruntled, if not outraged, to find that they were not treated like princes of Holy Mother Church but rather as prisoners in San Quentin.2

To make matters worse, the conclave took place in the midst of an oppressive heat wave. The temperature in Rome soared above ninety-four degrees. The situation within the chapel must have been sweltering, with every door locked and barred and every window boarded and sealed. Small wonder that the traditionalists and the progressives came to an immediate compromise and elected the mildmannered Albino Luciani as the new pope. It was one of the shortest conclaves in history, lasting only a single day.

To the delight of the assembly, Luciani chose the name John Paul I-John for John XXIII and Paul for Paul VI. This seemed to assure the cardinals that the new pope would stay the present course, without disrupting the workings of Vatican, Inc. The cardinals were sorely deceived.

As soon as the election results were made known by the appearance of white smoke from the chimney of the Sistine Chapel, the Italian press asked the new pope to restore "order and morality" to the Holy See. Il Mondo, Italy's leading economical journal, published an open letter to ask John Paul a series of sharply pointed questions. "Is it right for the Vatican to operate in markets like a

speculator?" the journal asked. "Is it right for the Vatican to have a bank whose operations help the illegal transfer of capital from Italy to other countries? Is it right for that bank to assist Italians in evading taxes?"

Il Mondo went on to question the Vatican's association with " the most cynical financial dealers," such as Michele Sindona. The letter asked: "Why does the Church tolerate investments in companies, national and international, whose only aim is profit-companies which, when necessary, are willing to trample on the human rights of millions of the poor, especially in that Third World which is so close to your heart?"

The letter, signed by the journal's financial editor, also offered the following observations about Bishop Paul Marcinkus, president of the Vatican Bank: "He is the only bishop who is on the board of a lay bank, which incidentally has a branch in one of the great tax havens of the capitalistic world. We mean the Cisalpine Overseas Bank at Nassau in the Bahamas [later to become Banco Ambrosiano Overseas]. Using tax havens is permitted by earthly law, and no lay banker can be hauled into court for taking advantage of that situation; but perhaps it is not licit under God's law, which should mark every act of the Church. The Church preaches equality but it does not seem to us that the best way to ensure equality is by evading taxes, which constitute the means by which the lay state tries to promote the same equality."3

Taking to heart such comments and criticisms, the new pope decided to rectify matters and to transform Vatican, Inc. into the apostolic church of the holy apostles St. Peter and St. Paul. On August 27, his second day in the Holy Office, John Paul announced to Cardinal Jean Villot, the Vatican secretary of state, his intent to launch an investigation into all aspects of the Vatican's finances. "No department, no congregation, no section is to be excluded," the Holy Father said.'

Within a week John Paul received a preliminary report on the workings of the Vatican Bank. The bank, which had been formed to further "religious works," was now serving a distinctly secular purpose. Of the 11,000 accounts within its registry, fewer than 1,650 served an ecclesiastical purpose. The remaining 9,350 accounts served as "slush funds" for special friends of the Vatican, such as Sindona, Calvi, Gelli, and Marcinkus.s

On September 7 Cardinal Benelli conveyed to the Holy Father even worse news. The Bank of Italy was investigating the links between Roberto Calvi of Banco Ambrosiano and the Vatican Bank, including Calvi's purchase of Banca Cattolica del Veneto and the manipulation of the shares of Banco Mercantile of Florence. The investigators already had dispatched a preliminary report regarding the irregularities to Judge Emilio Alessandrini. The pope turned pale. The report, he believed, would result in charges of criminal activity not only against Calvi but also leading Vatican officials, including Bishop Marcinkus, and his two close associates Luigi Mennini and Pellegrino de Strobel. The pope knew that the matter required immediate action.

The pope, no doubt, was unaware that the matter was already under control. News of the investigation and report had been conveyed to Licio Gelli and Roberto Calvi. The troublesome problem had received what Sindona called "the Italian solution." Five gunmen murdered Judge Alessandrini, when his orange Renault 5 stopped for a red light on Via Muratoni in Rome.6 This action accomplished its purpose. The investigation into Calvi and the Vatican Bank came to an abrupt halt.

The most appalling revelation occurred on Tuesday, September 12, when John Paul sat down at his desk to discover a copy of L'Osservatore Politico. The newsletter, published by Mino Pecorelli, contained a list of 121 leading Catholic clerics and laymen who were members of Masonic lodges with alleged ties to Licio Gelli and P-2.' If the list proved accurate, the pope would have to take drastic

measures. Leading cardinals, archbishops, and bishops would be stripped of their titles and offices and subjected to excommunication. The matter would result in a pogrom of the papabili-the individuals closest to the Holy Office.

As John Paul studied the newsletter, he shuddered. At the top of the list was the name of his secretary of state, Cardinal Jean VillotMasonic name "Jeanni," Lodge # 041/3, enrolled in a Zurich lodge on August 6, 1966.

The pope sought to see if the information was accurate by making contact with Italian officials through his close friends, Cardinal Pericle Felici and Monsignor Giovanni Benelli, whose names did not appear in the newsletter. Since, as noted earlier, all secret societies must register the names of their members with the state, the Italian officials were able to locate Italian masons of the Zurich lodge who confirmed that Jean Villot, indeed, had been inducted into the Order of Freemasonry.

Another name on the list was that of Villot's assistant, Cardinal Sebastiano Baggio, Masonic name "SEBA," Lodge # 85-1640, initiation date August 14, 1967. Again, the pope, making contact with the authorities, received verification that Baggio was a member of the secret society.

By the end of the day John Paul was visibly shaken. He had received similar confirmation regarding the membership of other top Vatican officials in Masonic lodges: including Monsignor Agostino Casaroli, his foreign minister; Cardinal Ugo Poletti, the vicar of Rome; Monsignor Pasquale Macchi, Pope Paul's trusted secretary; Monsignor Pasquale Macchi of the Vatican Bank; and last but not least, Bishop Paul Marcinkus, who controlled the vast wealth of Holy Mother Church.8

Shortly after Licio Gelli received word that the pope had read the newsletter, Mino Pecorelli, the editor of L'Osservatore Politico, was murdered outside his office on Via Orazio. The barrel of a gun had

been shoved down his throat and the trigger pulled twice.' As a classic gesture of the Mafia's sassa in bocca, police officers discovered a rock within Pecorelli's mouth as an announcement that the journalist never again would divulge a secret.

Throughout the week the pope received further results of his investigation into the Vatican Bank. He learned of the import/export schemes that had been devised by Sindona, the shell companies that had been established by Calvi, the counterfeit securities scheme, and the laundering of billions from the Mafia's drug trade.

As more and more of the inner workings of Vatican Inc. came to light, Marcinkus knew that his days within the Holy See were numbered. "I may not be around here much longer," he told a colleague at the Vatican Bank.

Marcinkus was not the only Vatican official who experienced distress by the actions of the new pope. The number of cigarettes that Cardinal Villot smoked on any given day served as a gauge of his state of nervous agitation. Since the coronation of John Paul, his daily ration of sixty increased to eighty. By the end of September, cleaners counted over one hundred butts in his ashtrays each morning.10

On Saturday, September 23, John Paul was installed as bishop of Rome. During his homily the pope turned to Marcinkus and officials from the Vatican Bank and said: "Although for twenty years I have been bishop of Vittorio Veneto and Venice, I admit that I have not yet learned the job well. In Rome, I shall put myself in the school of St. Gregory the Great, who writes, `The pastor should with compassion be close to each one who is subject to him: forgetful of his rank, he should consider himself on a level with the good subjects, but he should not fear to exercise the rights of his authority against the wicked.'" Marcinkus and his associates appeared to squirm before the pope's stare."

Stories of the coming purge in the Vatican spread far and wide. Newsweek reported that John Paul had ordered a full report on the Church's finances from Cardinal Villot and that a movement was afoot to oust Bishop Marcinkus from the Vatican Bank.

By September 28 the pope was ready to make his moves. In the morning he summoned Cardinal Baggio to his chambers. He spoke of his awareness of Baggio's membership in a Masonic lodge and of his intent to transfer the cardinal to the backwaters of Venice. Baggio visibly trembled with rage and responded with screams of anger. The pope, according to accounts, remained calm.12

In the afternoon John Paul sat down to chamomile tea with Cardinal Villot. He began with the subject of the Vatican Bank. Villot's teacup began to tremble. Marcinkus, the pope said, must be removed as the bank's president within twenty-four hours. He would be returned to Chicago, where he would be installed as an auxiliary bishop. All bank officials with ties to Marcinkus, Sindona, and Calvi were also to be dismissed and reassigned to menial positions outside the Vatican.13

The pope next turned to the subject of Baggio. Upon considera tion of the cardinal's complaints, he decided that Baggio should be removed from the Vatican and reassigned, not to Venice, but to Florence. Venice, after all, was a city close to the heart of the pope. It was a place where John XXIII, his beloved predecessor, had served as bishop. No, John Paul reasoned, Baggio would be sent to Florence, where he would find few Masonic friends and where he would wield power and influence only in dealing with matters of the diocese.14

John Paul then fixed his attention on the trembling man before him. Cardinal Villot, he said, must resign his position as the Vatican's secretary of state by the following morning and return to a retreat in his native France. After all, Villot was seventy-two and in frail health. Contemplation in a monastic setting would grant him a measure of peace and the opportunity to pray for a happy death. His replacement

would be John Paul's close friend, Cardinal Giovanni Benelli.15 When Villot objected to this "drastic measure," the Holy Father reminded him that Pope Pius X removed Cardinal Rampolla, the secretary of state under Leo XIII, from office upon learning that Rampolla was a freemason. He was merely following the example of his esteemed and holy predecessor.

Before dismissing Villot, the pope assured the secretary of state that fellow members of the "Vatican Masonic Lodge" would be removed from the Holy See and placed in parish positions where their activities could be scrutinized by bishops and prelates who were "truly Catholic."

The meeting ended at 7:30 P.M. The Holy Father recited the final part of his daily breviary and joined his two assistants-Fr. John Magee and Fr. Diego Lorenzi-for the evening. Sister Vincenza, his trusted cook and housekeeper, served clear soup, veal, fresh beans, and salad.

After dinner the pope watched the evening news, retired to his study to review his notes, and at 9:30 P.M., took leave of his two young assistants and his old housekeeper: "Buona notte. A domain. Se Dio Vuole" ("Good night. Until tomorrow. If God wishes"). He appeared to be in high spirits.

The next morning-at 4:30 A.M.-Sister Vincenza, following her morning routine, knocked at the door of the pope's bedchambers and left a pot of coffee on a table in the hallway. When she returned a half hour later, she found the tray untouched. Assuming John Paul was still asleep, she knocked at the door and said: "Holy Father! It is late!" She received no answer. With growing concern, she opened the door to the bedchambers and called out: "Buono serra, Papa!" The room was still. She approached his bed and asked: "Are you all right, Papa? Are you felling well?"

The pope was sitting up in bed with his glasses half off his nose. His fingers were clutched around a file, and paper was strewn among

the bed covers. As soon as she approached him, Sister Vincenza reeled back in horror. The pope's lips were pulled back in a macabre grimace; his gums were exposed; his eyes appeared to have popped from their sockets.16

The nun shrieked with alarm and pulled a bell to summon Father Magee. "It was a miracle that I survived," Sister Vincenza later told British investigative reporter David Yallop. "I have a bad heart." 17

As soon as Magee entered the room and saw the pope's condition, he telephoned Cardinal Villot, who occupied an apartment within the Lateran Palace. Villot, according to Vatican sources, uttered the following cry of surprise in French: "Mon Dieu, c'est vrais tons ca?" (My God, is all that true?) Then he asked Magee an extraordinary question: "Does anybody else know the Holy Father is dead?" Magee replied on the phone that no one knew except the Vatican nun. Villot then told Magee that no one-not even Sister Vincenzamust be allowed to enter the pope's bedroom and that he, as the duly appointed Vatican Camerlengo (that is, "presiding Cardinal") would handle matters as soon as he arrived.18

Villot appeared in a matter of minutes. To Magee's amazement, the cardinal was shaved, well groomed, and in full ecclesiastical attire. It seemed as though Villot was prepared to make a public appearance. The time was 5:00 A.M.

Before proceeding with the rite of extreme unction, Villot began placing items from the pope's bedroom in a satchel-the vial of low blood pressure medicine that John Paul kept on a bedside table, the papers that were scattered on the bedcovers, the file folder that remained clutched in the dead pope's hand. The cardinal opened the desk to remove the appointment book, the list of papal transfers, and the pope's last will. Finally, he removed John Paul's glasses and his slippers. None of these things were ever seen again.19

Villot telephoned Dr. Buzzonetti, the Vatican physician, and then began to administer the sacrament of extreme unction-the anointment

of the head of the deceased with holy oil. As soon as he completed this rite, Villot told Magee that Sister Vincenza must be sent away at once to her Motherhouse in Venice so that she would remain out of communication with the press.

Dr. Buzzonetti arrived at 5:45 A.M., examined the body, and announced to Villot and Magee that the pope had suffered "a coronary occlusion," that he had died "between 10:30 and 11:00 the previous evening," and that he had "suffered nothing. 1120 But the pope's bulging eyes and horrific grimace seemed to tell a different story.

Villot immediately produced a small silver hammer from his purple robe. He tapped the pope's forehead and asked: "Albino Luciani, are you dead?" He performed this ritual three times and then affirmed to Father Magee that the Holy Father had passed on to a greater glory.

The day would witness even stranger events. Shortly after the physician left, two morticians-Ernesto and Arnaldo Signoracciappeared out of nowhere. It was 6:00 A.M. Villot must have summoned the morticians as soon as he received the call from Father Magee-before 5:00 A.M., before he called the physician, before he had even viewed the body.21

Even though the bodies of the popes are traditionally not embalmed, the two morticians, under instructions from Villot, began to inject embalming fluid into John Paul's body. This unorthodox measure of embalming without draining the body of blood would serve to prevent any possibility of a complete autopsy and any accurate determination of the cause of death.22 The morticians also manipulated the distorted jaw of the pope, corrected his horrible grimace, and closed his eyes.

While the pope's body was being arranged, Villot instructed the stupefied Magee to relate to the world a fabricated story about the morning's events. Magee was to say that he, not Sister Vincenza, had found the pope's body. The young priest was to make mention of

neither the papers strewn across the bed nor the items that Villot had placed within the satchel. What's more, in order to give an ecclesiastically correct spin to the pope's passing, Magee was to say that John Paul had died with a copy of The Imitation of Christ, the great devotional work by St. Thomas a Kempis, clutched in his hand .2-1

At 6:30 Villot conveyed news of the pope's death to Cardinal Confalonieri, the eighty-six-year-old dean of the Sacred College; Monsignor Casaroli, head of the Vatican's Diplomatic Corps; and Sergeant Hans Roggan of the Swiss Guards.

At 6:45 Sergeant Roggan came upon Bishop Paul Marcinkus outside the Vatican Bank. This was most unusual. Marcinkus, who lived twenty minutes from the Vatican in the Villa Stritch in Rome, was a late riser and never appeared at his office before 9:00 A.M. The sergeant blurted out the news: "The Holy Father is dead. They found him in bed." Marcinkus stared at Roggan, displayed no emotion, and made no comment.24 Later, when questioned about his behavior, Marcinkus said that he thought Roggan had "gone mad."25

Finally, at 7:27 A.M., nearly three hours after Sister Vincenza discovered the pope's body, Vatican Radio made the following announcement: "This morning, September 29, 1978, about fivethirty, the private secretary of the pope, contrary to custom not having found the Holy Father in the chapel of his private apartment, looked for him in his room and found him dead in bed with a light on, like one who was intent on reading. The physician, Dr. Renato Buzzonetti, who hastened to the pope's room, verified the death, which took place presumably toward eleven o'clock yesterday evening, as `sudden death' that could be related to acute myocardial infarction."

Despite Villot's care in manufacturing the fiction, the story quickly began to fall apart upon inspection. The first problem came with The Imitation of Christ. John Paul's copy could not be found within his living quarters. It had remained among his belongings in Venice, where he had served as patriarch. On October 2 the Vatican was

forced to admit that John Paul was not reading The Imitation of Christ at the time of his demise. The Holy Father was rather holding in his hands "certain sheets of paper containing his personal writings such as hom ilies, speeches, reflections, and various notes." On October 5, after continual badgering from the press, the Vatican came clean and admitted that the papers the Holy Father was holding concerned "certain nominations in the Roman Curia and in the Italian episcopate."

The second problem came with the work of the morticians. Italian law dictated that no embalming should be undertaken until twenty-four hours after death without dispensation from a magistrate. Moreover, the immediate injection of embalming fluid into the body of the pope without drainage of blood smacked of foul play. Pressure began to mount for an examination of the corpse.

On October 1 Corriere Bella Sera, Milan's daily newspaper, published a front-page article entitled, "Why Say No to an Autopsy?" The article called for complete disclosure of all facts relating to the pope's death and concluded by saying:

> The Church has nothing to fear, therefore, nothing to lose. On the contrary, it would have much to gain. Now, to know what the pope died of is a legitimate historical fact, it is part of our visible history and does not in any way affect the spiritual mystery of his death. The body that we leave behind when we die can be understood with our poor instruments, it is a leftover: the soul is already, or rather it always has been, dependent on other laws which are not human and so remain inscrutable. Let us not make out of a mystery a secret to guard for earthly reasons and let us recognize the smallness of our secrets. Let us not declare sacred what is not.26

These demands were intensified when John Paul's personal physicians said that the pope was in very good health. "He had absolutely no cardiopathic characteristics," Dr. Carlo Frizzerio said. `Besides, his low blood pressure, should, at least, in theory, have

made him safe from acute cardiovascular attacks. The only time I needed to give him treatment was for the influenza attack."27 This diagnosis was verified by Dr. Giuseppe Da Ros, who examined the pope on Saturday, September 23, and told the press: "Non sta bene ma benone"-"He is not well, but very well."28 John Paul's good heath was attributed to his lifestyle. He exercised regularly, never smoked, drank alcohol only rarely, and kept a healthy diet.

Numerous heart specialists throughout the world, including Dr. Christiaan Barnard of South Africa and Dr. Seamus Banim of London, took to task Dr. Buzzonetti's diagnosis of myocardial infarction without conducting an autopsy as "incredible" and "preposterous."29 Such observations caused Villot to invent another story. He told several of his fellow cardinals, who pressed for an autopsy, that the cause of John Paul's death was really not a heart attack. The Holy Father, he said, had unwittingly taken a fatal overdose of Effortil, his blood pressure medicine. If an autopsy was undertaken, Villot insisted, it would give rise to the belief that pope had committed suicide.30

When this explanation failed to quiet the clamor for an autopsy, Villot said that canon law expressly prohibited the body of a pope to be subjected to an autopsy. This statement gave rise to a third problem. Canon law neither banned nor condoned autopsies. It failed to address the subject. What's more, investigators discovered that an autopsy had been performed on the body of Pius VIII in 1830.3"

Soon the press discovered that Sister Vincenza, not Father Magee, first discovered the body of the pope and that the nun had been confined to a cloister to ensure her silence. Rumors became rampant that the John Paul had died of poisoning. Some speculated that a lethal dosage of digitalis had been added to the Elfortil, the liquid medicine for low blood pressure that the pope kept at his bedside. Such a mixture would induce vomiting-vomiting that would account for Villot's removal of the Pope's glasses and slippers.

The Vatican set the next conclave for the earliest possible dateOctober 14, and released a final press release to silence all

criticism and to put an end to all speculation: "At the end of the Novemdiales [the period of mourning], the director of the press office of the Holy See expresses words of firm disapproval for those who in recent days have indulged in the spreading of strange rumors, unchecked, often false, and sometimes reaching the level of grave insinuations, all the more grave for the repercussions they may have had in those countries where people are not accustomed to excessively casual forms of expression."

And so the matter of the "murder" of Pope John Paul I came to a close. No death certificate was ever made public and no post mortem was ever performed. The nineteen rooms of the papal apartments were stripped of any sign that John Paul had ever lived and reigned as the supreme pontiff over Holy Mother Church. The college of cardinals had made a mistake in electing him-a mistake that would not be made again. At the next conclave, all-out efforts were taken for the election of a pope who would permit the Vatican to return to business as usual.

The time was right for Karol Wojtyla of Poland, who became John Paul II.

# 16
# The Ambrosiano Affair

> Do not be deceived: God cannot be mocked. A man reaps what he sows. The one who sows, to please his sinful nature, from that nature will reap destruction; the one who sows to please the Spirit, from the Spirit will reap eternal life.
>
> Gal. 6:7-8

When the news was announced of Karol Wojtyla's election as the new supreme pontiff of the Roman Catholic Church, the teeming crowd that had gathered in St. Peter's Square was caught by surprise. The people had expected the election of some established member of the Vatican bureaucracy, such as the progressive Cardinal Benelli or the conservative Cardinal Siri. They were stunned to hear the name of Wojtyla. Even members of the press turned to one another to ask: "Who is Wojtyla?" "E u Polacci" ("He is a Pole"), was the only answer that was forthcoming.

It was one thing to elect a Pole-such as the famous anti-Commu nist Cardinal Wyszynski-as pope. It was quite another to elect a Pole about whom so little was known. Who was Wojtyla? How had a junior cardinal ascended to the papal throne in less than two days of balloting?

Not only was the result of the election unexpected, but the new pope also looked unusual for a pope. He lacked the delicate features of John Paul I, Paul VI, and Pius XII. His hulking physical frame and his nonintellectual mannerisms seemed to some observers antithetical to the Roman grace and refinement of previous pontiffs.' This "lack of refinement," according to detractors, came to the fore during his first public appearance. Wojtyla, as John Paul II, approached a group of American reporters and beseeched them with the folded hands of a penitent to be "good" to him. A second later, in a further effort at ingratiation with onlookers from the press, the newly elected pope cupped his hands like a megaphone and shouted his blessing to the milling crowd like a cheerleader at a football game. The image of John Paul II as a "bumpkin" who lacked tact and sophistication was enhanced when photos of the new Holy Father sunning in the nude appeared in Italian tabloids. Licio Gelli showed the photos to Socialist Party leader Vanni Nisitico and remarked: "Look at these problems the secret service must have. If it is possible to take these pictures of the pope, imagine how easy it is to shoot him."Z

Gradually, the public came to learn that Wojtyla, as a young man, had sought not to become a priest but an actor.3 They further learned that he had worked in a chemical factory under Nazi control during World War II; that he had associated himself with Marxist guerillas; and that he had developed close friendships with many women. A rumor persisted that he had been married. This rumor had its basis in the so-called great gap in John Paul II's career-the span of time between 1939 to 1944.4

But certain things about Wojtyla's ascendancy to the Holy Office eventually came to light. Cardinal Villot with several "Masonic Cardinals" had engineered the campaign and celebrated his victory not with traditional Te Deums (hymns of praise) and official prayers but rather a gala champagne party in which the new pope filled the empty glasses of the nearest cardinals and nuns, while warbling his favorite song, a Polish number called "The Mountaineer."s

After his coronation John Paul II scrapped all the proposals for change that had been set forth by his predecessor. Business as usual continued within Vatican, Inc. Cardinal Villot was reappointed as secretary of state; Bishop Marcinkus returned to his position at the Vatican Bank; and the Holy See's ties to Roberto Calvi and Licio Gelli were renewed and strengthened. The stage was set for one of the most notorious schemes in the history of international finance, a scheme that became known as "the Ambrosiano affair."

Throughout the 1970s the Vatican Bank had established close ties with Banco Ambrosiano in Milan, where Calvi remained as the chief executive officer. Bishop Marcinkus sat on the board of one of Ambrosiano's subsidiary branches in the Bahamas.' Banco Ambrosiano was a Catholic bank, a financial firm for Catholic families and Catholic charities, where no one could own more than 5 percent of the stock. For this reason it represented a perfect laundry for P-2 and the Mafia. But two problems remained to be solved. First was the problem of gaining control of the bank without arousing unnecessary suspicion among the directors. Second was the challenge of getting vast amounts of money out of the Milan bank without arousing the attention of criminal investigators.

Calvi solved both problems with the help of his friend Bishop Paul Marcinkus and the Vatican Bank. He began to "loan" huge sums of Ambrosiano's money to eight "dummy" corporations. To give these corporations an aura of legitimacy, the loans were diverted to the Vatican Bank (causing Ambrosiano bank directors to believe that the corporations were concerns of Holy Mother Church).? Six of these

corporations were in Panama: Astolfine S. A., United Trading Corporation, Erin S. A., Bellatrix S. A., Belrose, S. A., and Starfield S. A. The seventh firmManic S. A.-was located in Luxembourg; the eighth-Nordeurop Establishment-in Liechtenstein. These corporations used the borrowed millions to accomplish the following objectives: (1) to increase the personal wealth of Calvi and his Mafia cohorts; (2) to fund the nefarious operations of Licio Gelli; and (3) to purchase shares of Ambrosiano stock. When asked for collateral for the loans, the Panamanian companies simply posted the Ambrosiano stock they had purchased along with statements of inflated assets and projections of huge profits from exports.

To increase the value of the shares, Calvi declared huge stock dividends and rights offerings along with optimistic announcements about the future of Banco Ambrosiano and its plans for expansion into Latin America. The shares began to split and split again. The dummy companies used their increased stock holdings to borrow more money with which they purchased more stock and, with the additional stock, they obtained additional loans. The companies never paid interest on their borrowings. They simply added the accrued interest to their loan balances and backed their new obligation for collateral with more Ambrosiano stock. With these companies gaining more and more stock, Calvi began to obtain greater and greater control of the bank.

Bellatrix, a dummy firm in Panama, had been created by Calvi and Marcinkus along with a trinity of P-2 members-Licio Gelli, Umberto Ortolani (who had received the Vatican title of "Gentleman of His Holiness" from Pope Paul VI), and Bruno Tassan Din, managing director of the huge Rizzoli publishing firm.8 Bellatrix used a portion of the $184 million it milked from the Ambrosiano cash cow to purchase Exocet missiles for Argentina in its struggle with England over the Falkland Islands. The dummy corporation had received this loan, secured on paper with Ambrosiano stock, with cash capital of less than $10,000. Similarly, Astrolfine, another Panamanian company, obtained $478 million from Banco Ambrosiano with capital

of $10,000.9 The pattern remained the same with the other dummy corporations: none had capital assets in excess of $10,000 and all received millions in loans. The effect of this scheme within Banco Ambrosiano was the creation of a gigantic balloon-a swelling of the value of Ambrosiano stock based on loans to worthless corporations and false financial announcements-that was bound to burst.

But the scheme bore a semblance of propriety to Bank of Italy inspectors. When asked about the nature of the dummy corporations, bank inspectors were told that the Vatican Bank had established the firms for the purpose of exporting parochial goods. For proof of this assertion, Calvi pointed to a picture of Bishop Marcinkus among the directors of Banco Ambrosiano Overseas in Nassau. This seemed to satisfy the inspectors. After all, who were they-as mere government officials-to question the charitable concerns of Holy Mother Church?

And so the scheme continued. More than a $1.3 billion flowed from the Milan bank to the Vatican Bank, which charged exorbitant fees for currency conversions. From the Vatican Bank, the money went to the Panamanian firms and the firms in Liechtenstein and Luxembourg. Few even noted that the Vatican fees were unnecessary since Banco Ambrosiano could have made the required conversions without the aid of another banking institution.

In 1979 Calvi's maneuverings began to go awry. The Ambrosiano Bank was obliged to pay interest on the increasing deposits to make the loans. As the interest rates soared in banks throughout the world, Calvi found himself in an expensive bind. In 1981 Ambrosiano officials demanded definite proof from Calvi that the Vatican Bank maintained control over the shares of Ambrosiano stock that had accumulated in the eight dummy corporations. At the same time, the Guardia di Finanza, the financial police of Italy, launched an investigation into the massive shell game. In an attempt to spare Holy Mother Church from the wrath to come, Beniamino Andreatta, Italy's treasury minister, met with Cardinal Casoroli, the Vatican's foreign minister, to urge the severance of all ties between Calvi and the

Vatican.10 Casoroli presented these concerns to the Holy Father. But money was pouring into the Vatican's coffers, so the pope opted to ignore the warning.

As the dollar rose sharply against the lira, the noose continued to tighten around Roberto Calvi. In July 1980 the Guardia di Finanza discovered a host of improprieties regarding the massive flow of money from Banca Ambrosiano to the dummy companies. The improprieties were reported to Judge Luca Mucci, who ordered Calvi to surrender his passport so that a full-scale investigation could get underway." Several weeks later Dailo Abbruciati, a Mafia hit man, gunned down Roberto Orson, a board member of Banco Ambrosiano, in Milan. Orson, it was later learned, had called for Calvi's resignation.

To ensure that the shell game would continue, Calvi hired Flavio Carboni, a "fixer," to ward off the investigation. Carboni relied on his usual tactics-money and threats-to deal with public officials and bank examiners who questioned Calvi's operations. In 1984, after the sordid affair came to an end, Italy's financial police inspectors discovered that more than $30 million had been funneled from an Ambrosiano branch in Peru to one of Carboni's numbered accounts in Switzerland.12

Despite Carboni's best efforts, the investigation continued. This forced Calvi with hat in hand to approach Bishop Marcinkus for help. The investigation, Calvi told his coconspirator, would come to an end with a statement of proof that the dummy corporations were holdings of Holy Roman Mother Church. Marcinkus complied by committing one of the greatest acts of fraud in ecclesiastical history. He issued a "letter of patronage" stating that the dummy corporations were responsible financial firms whose purposes were known and approved by the Holy See. The letter, dated September 1 and written on Vatican letterhead, reads as follows:

Gentlemen:

This is to confirm that we directly or indirectly control the following entries:

Manic S. A., Luxembourg

Astrolfine S. A., Panama

Nordeurop Establishment, Liechtenstein

United Trading Corporation, Panama

Erin S. A., Panama

Bellatrix S. A., Panama

Belrose S. A., Panama

Starfield S. A., Panama

We also confirm our awareness of their indebtedness toward yourselves as of June 10, 1981, as per the attached statement of accounts.

The attached accounts showed "indebtedness" to the Lima branch of Banco Ambrosiano alone for $907 million. Bishop Marcinkus signed the letter, along with his administrative assistants, Luigi Mennini and Pellegrino de Strobel.13 To compound the fraud, Calvi presented Marcinkus with a letter of his own-this one stating that the Vatican Bank "would entail no liabilities" or "suffer no future damage or loss" from its involvement with the eight compa nies.14 Commenting about the "letter of patronage," Michele Sindona told journalist and author Nick Tosches that Calvi paid the Vatican $20 million for the document."

On January 21, 1981, a group of Milanese shareholders in Banco Ambrosiano, fearing that the balloon would burst and that their shares would be worthless, wrote a long letter to Pope John Paul II, pleading with him to investigate the unholy alliance between Marcinkus, Calvi,

Umberto Ortani, and Gelli and the huge flow of money into the corporations under the "patronage" of the Vatican. The letter, which was written in Polish so that the pope could read it in his native language, stated the following: "The IOR [the Vatican Bank] is not only a shareholder in the Banco Ambrosiano. It is also an associate and partner of Roberto Calvi. It is revealed by a growing number of court cases that Calvi stands today astride one of the main crossroads of the most degenerate Freemasonry (P-2) and of Mafia circles, as a result of inheriting Sindona's mantle. This has been done once again with the involvement of people generously nurtured and cared for by the Vatican, such as Orlani, who move between the Vatican and powerful groups in the international underworld.""

John Paul II never graced the Milanese shareholders with a response.

Instead, he decided-almost as an act of defiance-to reward Bishop Marcinkus for his service to the Holy See by elevating him to the position of president of the Pontifical Commission for the State of Vatican City. This position made him, in actuality, the governor of Vatican City, in addition to his position as head of the Vatican Bank. The elevation granted Marcinkus the status of archbishop. The effrontery of the promotion was evidenced by the fact that it had been made on September 28, 1981, the third anniversary of the death of John Paul I-the pope who had sought to remove Marcinkus and his colleagues from office.

But even with his new status as archbishop, Marcinkus could not prevent Calvi's house of cards from falling. Roberto Rosone, the general manager and deputy chairman of Banco Ambrosiano, began to make demands at bank meetings for Calvi to step down as director and for a "call" on all loans that had been made to the Vatican. Calvi expressed his concerns about the troublesome behavior of Rosone to Flavio Carboni. Carboni responded by securing the services of Danilo Abbruciati, a Sicilian mafioso within Rome's underworld (malavtita

Romana). Rosone was gunned down as soon as he emerged from Banco Ambrosiano on the morning of April 27, 1982.17

On May 31, 1982, the Bank of Italy wrote to Calvi and his board of directors in Milan for a full accounting of the lending to the eight corporations. The board, under increased pressure, voted 11 to 3 to comply, despite Calvi's frantic protests.

The only way out for Calvi was to plug up the $1.3 billion hole with a loan from the Vatican Bank. The loan, Calvi insisted, was perfectly justifiable since the Vatican was the principal beneficiary of the missing millions and the real owner of the dummy corporations. "The Vatican should honor its commitments," he maintained, "by selling part of the wealth controlled by the IOR [the Vatican Bank]. It is an enormous patrimony. I estimate it to be ten billion dollars. To help the Ambrosiano, the IOR could start to sell it in chunks of a billion at a time." 18

Calvi's statement was telling. If any layman in the world of 1982 knew the worth of the Vatican it was Roberto Calvi, the man who had been its partner in hundreds of deals and schemes. The fact that this conservative banker estimated the patrimony of the Vatican Bank at $10 billion in 1982 is telling, since the estimate did not include the Vatican's holdings in other financial departments, including the Administration of the Patrimony of the Holy See (APSA), the Vatican City State, and the Congregation for the Evangelization of Peoples.

Despite Calvi's urgent pleas, the Vatican refused to provide the funds. Moreover, when questioned by Italian treasury agents, Marcinkus flatly denied any participation in the sordid affair or any knowledge of the dummy corporations. The Vatican Bank, Marcinkus explained, was only a depository where religious bodies placed their money in trust. He even asserted that the bank was a poor concern with a fund of a few million and could not be compared to any "secular" financial institution.

Calvi decided to flee the country to escape arrest. While packing his bags, he told a member of his family: "I shall reveal things, which once known, will rock the Vatican. The pope will have to resign." 9

The day Calvi vanished with a black briefcase filled with documents, Graziella Corrocher, the banker's fifty-five-year-old personal secretary, fell or was hurled from the fifth floor of Banco Ambrosiano in Milan. The body landed with a thump on the ramp leading down to Ambrosiano's underground garage. No arrests were made and the cause of her death remained undetermined.

On June 17, 1982, the body of Roberto Calvi was found hanging from an orange noose under Blackfriar's Bridge in London, his feet dangling in the swirling waters of the Thames. He was wearing a lightweight gray suit; an expensive Patek Phillipe watch remained on his wrist; and $20,000 was stuffed in his wallet. The watch and the money suggested that he was not the victim of a robbery. In his pockets were four pair of eyeglasses and a bogus Italian passport; five bricks had been stuffed in his pants.20

The site of Calvi's demise immediately aroused suspicion. Members of various Masonic lodges in Italy wear black robes and address each other as "friar." "Black friars" fratelli neri-is an Italian nickname for Freemasons. The fact that masonry in the form of bricks was found on the body was deemed significant, as well as the Masonic oath stipulating that traitors should be "roped down" in the proximity of the rising tide.

Three weeks later a coroner's jury ruled that Calvi had committed suicide. But the verdict was quashed, and a second jury declared it was unable to decide between murder and suicide. Sixteen years later, in 1998, Calvi's body was exhumed, and a coroner determined that the man who had become known as "God's banker," indeed, had been murdered.

In the wake of this decision, Francesco "Frank the Strangler" DiCarlo, the heroin traffic manager for the Sicilian Mafia, confessed to

the crime, stating that he had been ordered to commit the murder by Pippi Calo of the Corleone crime family. The murder had been commissioned because of Calvi's attempt to embezzle millions from the mob. Licio Gelli, according to Di Carlo, had handed a large sum of money to Calvi for deposit in a "laundry" account. Instead of making the deposit, Calvi used the funds to plug up the huge hole he had created within Banco Ambrosiano. Upon learning that Calvi had used the funds to pay off investors, Gelli met with Corleone family members and helped to locate Calvi in London. Gelli also helped to plan the hit. With Gelli at the planning session, investigators later learned, was a "Vatican financial figure."21

# 17
# In the Wake of the Storm

Jesus entered the temple area and drove out all who were buying and selling there. He overturned the tables of the money changers and the benches of those selling doves. "It is written," he said to them, "My house will be called a house of prayer,' but you are making it a `den of robbers. "'

Matt. 21:12-13

 alvi was dead. But most of the $1.3 billion remained missing. Ambrosiano's creditor banks, in search of repayment, claimed that the Vatican was a principal participant in the scheme, citing the "letter of patronage" in which the Holy See acknowledged its control of the eight dummy corporations as proof. In May of 1982, one month after Calvi's death, commissioners from the Bank of Italy appeared at the Vatican to confront Archbishop Paul Marcinkus for his part in the crime. In response to the accusations of complicity, Marcinkus produced the letter from Calvi, stating that the admission of patronage "would entail no liability" for the Vatican Bank. The counterletter, as signed by Calvi in his capacity of chief executive officer of Banco Ambrosiano, ended with a paragraph confirming that, whatever happened to Banco Ambrosiano and its shareholders in relation to the eight corporations mentioned in the statement of patronage, the Vatican would "suffer no future damage or loss." Having produced this document, Marcinkus showed the commissioners to the door, reminding them that the Bank of Italy possessed no jurisdiction within the sanctified walls of Vatican City.1

But the Italian government maintained pressure on the Vatican for full disclosure of its involvement in the affair. "The government," said treasury minister Beniamino Andreatta after the meeting with Marcinkus, "is waiting for a clear assumption of responsibility by the IOR [the Vatican Bank]."2 While the waiting continued, the Italian press ran daily articles about the Vatican and its relationship with the Sicilian Mafia and P-2. Rome's daily newspaper La Repubblica began to publish a cartoon strip entitled "The Adventures of Paul Marcinkus."

To quiet matters, Pope John Paul II's new secretary of state, Agostino Casaroli, proposed to the Italian government the creation of a six-man commission to make an investigation of the affair: three were to be named by the Vatican and three by the Italian Ministry of

the Treasury. The government complied. The results, as expected, were inconclusive. The Vatican officials said that the Holy Mother Church had no interest in the dummy corporations and assumed no part in the plot; the treasury officials ruled otherwise.3

Dissatisfied with these findings, Ambrosiano's creditors continued to mount pressure for a settlement. The Italian government initiated a criminal investigation into the affair and set out in search of positive proof that the Vatican owned the companies in question.

Finally, documents were unearthed that established the Vatican's ownership of the dummy corporations in the records of the Banca del Gottarda in Switzerland. One document, dated November 21, 1974, and duly signed by Vatican Bank officials, was a request for the Swiss bank to arrange on behalf of the Holy See a company called the United Trading Corporation of Panama.4

Other documents were discovered that revealed more acts of fraud by the Holy See. One document showed that the Vatican Bank had received two deposits from Banco Andino of Peru on October 16, 1979. The first deposit was for $69 million; the second also for $69 million. When the deposits matured in 1982, Banco Andino asked for its money back. But the Vatican Bank refused, saying that the Union Trading Company of Panama now owed the money and the Vatican Bank had no control over it.5 Since evidence had been produced to show that the Vatican owned all the shares of United Trading, the Holy See now was forced to own up to the debt and release the funds.

In the light of such findings, Holy Mother Church no longer could hide behind a mask of deceit. For this reason John Paul II offered a "good-will payment" of $250 million to Ambrosiano creditors.6 On May 24, 1984, the creditors formally accepted this offer at the headquarters of the European Trade Association in Geneva.

The Geneva settlement averted the possibility of a long and damaging court trial for the Vatican, but it did not close the case. On

February 26, 1987, the investigating magistrates concluded that the Vatican Bank had acted as an umbrella for Roberto Calvi's illicit transactions; that it owned a substantial share of Banco Ambrosiano as well as the dummy corporations; and that it was largely responsible for the theft of $1.3 billion. Arrest warrants were issued for the three top Vatican bankers: Archbishop Paul Marcinkus, Luigi Mennini, and Pellegrino del Strobel.

The arrests were not made. To protect its officials, the Vatican pointed to article 11 of the Lateran Treaty of 1929 that served to regulate matters between the Holy See and Italy. The article stipulated that there should be no interference by the Italian government in "the central institutions of the Catholic Church." Italy's highest court upheld this ruling and ruled that Marcinkus and his two associates could not be arrested and brought to trial in Italy. The three Vatican bankers remained safe from extradition within the sanctity of the Sovereign State of Vatican City.'

Despite the arrest warrants, the charges of fraud, theft by deception, and criminal conspiracy, and the payment to Ambrosiano creditors, Marcinkus remained the president of the Vatican Bank and was granted as much amplitude as before. His relationship with John Paul II grew closer. At one point the pope placed Marcinkus at the top of a list of new cardinals he was going to create. But advisors managed to persuade him that the elevation of Marcinkus would create an uproar in the international banking community with serious repercussions for the Holy See. Several Vatican officials, including Cardinals Benelli and Rossi, openly pleaded with the Polish pope for the expulsion of Marcinkus from Vatican City. But John Paul turned a deaf ear to such pleas and let it be known that any criticism of his Lithuanian friend was both irksome and unwelcome.' For the next four years Marcinkus remained within the walls of Vatican City, knowing that as soon as he set foot on Italian soil he would be arrested and placed in prison. John Paul II never addressed the charges against the Vatican banker or the demands for justice.

Marcinkus remained under papal protection until 1991, when he took up residence in Sun City, Arizona. Italian authorities throughout the next decade attempted to persuade U.S. officials to return Marcinkus to Italy so that he could face a jury. But such efforts proved fruitless. Marcinkus continued to hide behind his Vatican passport, maintaining that he was not a citizen of the Republic of Italy but of the Sovereign State of Vatican City. At Sun City, Marcinkus joined a prestigious country club, formed fresh political alliances to extend his visa, played daily rounds of golf, and smoked expensive cigars.9

John Paul II's complicity in the affair became obvious by further discoveries. By tracing transactions between the dummy corporations and Swiss bank accounts, investigators uncovered a flow of money not only to Licio Gelli for P-2's support of military juntas in Argentina, Uruguay, Peru, Venezuela, and Nicaragua, but also to the Solidarity Trade Union of Poland, the key project of the pope. Indeed, Solidarity was the principal beneficiary of the scam, receiving more than $100 million for its struggle against the Communist regime.'°

Early in 1982 Calvi spoke of John Paul II's involvement in securing funds for Solidarity to his trusted friend Flavio Carboni, who happened to be carrying a concealed tape recorder. "Marcinkus," Calvi said, "must watch out for [Cardinal] Casaroli, who is the head of the group that opposes him. If Casaroli should meet one of those financiers in New York, who are working for Marcinkus, sending money to Solidarity, the Vatican would collapse. Or even if Casaroli should find just one of those pieces of paper that I know ofgoodbye, Marcinkus, good-bye, Wojtyla, good-bye Solidarity. The last operation would be enough, the one for twenty million."11

Sindona, the archbishop's old friend and partner in criminal activity, was not so lucky. On March 27, 1980, the Mafia don was convicted of sixty-eight counts of misappropriation of funds, perjury, and fraud involving the Franklin National Bank. He was fined $207,000 and sentenced to twenty-five years at the Federal Correction Institute in Otisville, New York. In a long letter of

September 1, 1981, Sindona petitioned President Ronald Reagan for a presidential pardon. David Kennedy, Nixon's former secretary of the treasury and Sindona's longtime friend, personally delivered the letter to the White House. Three months later Sindona received a reply from President Reagan's lawyer, Fred F. Fielding. "Thank you very much for your petition," Fielding wrote. "I have taken the liberty of forwarding your material to Mr. David Stephenson, Acting Pardon Attorney." 2

When no word came from Stephenson, Sindona sent a four-page letter to the Federal Plaza office of former president Richard Nixon. The Mafia don reminded Nixon of their meetings and of his "generous offer" during the 1972 campaign. "I now turn to you for assistance," Sindona wrote. He received no reply. Sindona then asked Rudolph Gutherie, Nixon's former law partner, to approach the former president on his behalf. Nixon told Gutherie that any help he offered Sindona would only serve to further harm his public image.13

Things for the mafiosi got worse. On July 7, 1981, the Italian government charged Sindona with ordering the execution of Giorgio Ambrosoli, the chief bank investigator who helped to uncover the Vatican's connection to the Mafia. On January 25, 1982, Sindona was indicted in Palermo, Sicily, along with seventy-five members of the Gambino, Inzerillo, and Spatola Mafia families. They were accused of operating a $600 million-a-year heroin trade between Sicily and the United States. Two years later Sindona was extradited to Milan, where he was tried and convicted of bank fraud and murder. He was sentenced to serve a life sentence at Voghera prison on the outskirts of Milan.

On March 20, 1986, Sindona rose from his solitary cell to take his breakfast. As always, his plastic plate and Styrofoam coffee cup were sealed. It was eight-thirty. He carried the coffee cup with him through the door that led to his toilet. Minutes later the Mafia don emerged from the toilet, his shirt covered with vomit, his face convulsed with

horror. "Mi hanno avvelenato,"he screamed, "They have poisoned me!"14

These were his last words. Sindona was rushed to a nearby hospital, where he was diagnosed to be in an irreversible coma. A lethal dosage of potassium cyanide was detected in his blood. That afternoon a priest administered extreme unction. Forty-eight hours later, Michele Sindona-the man who was known as "St. Peter's banker"was dead.

No one has been able to explain how Sindona could have been poisoned as a prisoner in solitary confinement within a maximum security facility.

In May 1981, at the height of the Ambrosiano affair, Italian police raided the home of Licio Gelli and discovered secret documents linking Gelli, Sindona, and other members of P-2 to financial crimes and conspiracies against the State of Italy. The discovery of the list of P-2 Masons that included the names of forty-eight members of Parliament and four cabinet members led to the collapse of Italy's fortieth government since World War II.I5

Gelli was indicted for espionage, political conspiracy, criminal association, and fraud. He managed to escape arrest by fleeing to Argentina. On September 13, 1982, Gelli returned to Europe to withdraw $50 million from a Swiss bank account-funds that had been illegally transferred from a branch of Banco Ambrosiano. He was arrested in Geneva and placed in a holding cell for extradition to Italy. The crafty "puppet-master" managed to escape justice by bribing a prison guard.

In 1987 Gelli surrendered to Swiss authorities in South America, claiming that he was at "the end of his tether" and suffering from heart problems. He surrendered only after negotiating the terms of his return to Italy. He would be charged only with financial offenses. After serving less than two months behind bars, Gelli complained of deteriorating health and was released on parole. In 1992 he was

sentenced to eighteen years in prison for his involvement in the Ambrosiano affair. The sentence was returned to twelve years upon appeal.16

For the next six years Gelli remained under house arrest (detenzione domiciliare) at his luxurious villa in Tuscany. In 1998, when police came to transport him to a public facility, Gelli again vanished. At the villa, police discovered gold bars worth in excess of $14 million that the grand master of P-2 had stolen from the Yugoslavian government while operating the ratlines for the Vatican.

Two months later Gelli was tracked down in Cannes on the French Riviera, whisked away to Rome, and placed in the Regina Coeli jail. Again complaining of heart problems, he was allowed to return to his villa.

The fact that Gelli has served less than two months of "hard time" for a career that included such high crimes as international bank fraud, acts of terrorism, a string of assassinations, and the operation of a "state within a state" represents, according to several critics, including artist Franc Talarico and journalist Danielo Gulbini, a "searing indictment" of Italian justice.'7

While these events were taking place, the Vatican, under John Paul II, returned to business as usual.

# 18
# Business as Usual

> Jesus said: "How hard it is for the rich to enter the Kingdom of God! Indeed, it is easier for a camel togo through the eye of a needle than for a rich man to enter the Kingdom of God." Those who heard this asked, "Who then can be saved?"
>
> Luke 18:24-26

As Vatican, Inc. returned to business as usual during the long of John Paul II, more financial scandals occurred. One seemed to be an American version of the Ambrosiano affair.

The scheme was hatched by Martin Frankel, a high school dropout from Ohio. Frankel, who modeled himself after Roberto Calvi, came up with the idea of creating a billion-dollar insurance empire-that offered no insurance-with the help of the Vatican Bank. To accomplish this goal, he secured the services of Tom Bolan-a law partner of the late Communist-baiter Roy Cohn, founder of New York's Conservative Party, and an adviser to President Ronald Reagan and Senator Alfonse D'Amato on judicial appointments.'

On August 18, 1998, Bolan arrived at the Vatican to meet with Monsignor Emilio Colagiovanni, an emeritus judge of the Roman

Rota, an important Church tribunal; Monsignor Gianfranco Piovano, an official at the Vatican's Secretariat of State; and Bishop Francesco Salerno, the secretary of the Holy See's Supreme Court. The meeting was arranged by Fr. Peter Jacobs, a New York priest with connections to Rome.2

Bolan told the Vatican officials he represented a Jewish philanthropist named David Rosse (an alias for Martin Frankel), who wanted to establish a Vatican foundation in order to give hundreds of millions to various Catholic causes. The Vatican officials were mesmerized. Why should the Holy See turn down millions from anyone-Jewish or not-who offered to open a checkbook? The deal seemed too good to be true. And, of course, it was.

In the official six-page proposal, as presented by Bolan to the Vatican on August 22, Rosse (Frankel) would establish a foundation in Liechtenstein. The foundation would be governed by a "secret set of by-laws." Rosse would be the original grantor of $55 million in funds. These funds were to be wired to the foundation from a Swiss bank. Of the $55 million, $50 million would be sent to a U.S. brokerage account in the name of the foundation for exclusive use by Rosse. The additional $5 million would be diverted to an account controlled by the Vatican.3

The generous payoff of $5 million came with a catch. "Our agreement," Rosse outlined in a letter to Bolan, "will include the Vatican's promise that the Vatican will aid me in my effort to acquire insurance companies by allowing a Vatican official to certify to authorities, if necessary, that the source of funds for the Foundation is the Vatican."4

Frankel was presenting the same deal to the three Vatican officials that Sindona and Gelli had presented to Marcinkus. The Vatican would serve as a money launderer in exchange for a 10 percent cut of the millions Frankel would loot from U.S. insurance companies in the name of Holy Mother Church.

If the deal offered only $5 million, the Vatican officials would have likely turned up their noses and left the conference table with righteous indignation. But Bolan, on behalf of Frankel, was offering much more. With his 90 percent, Frankel would buy progressively larger and larger insurance companies in the United States until he had created a multibillion-dollar empire. Frankel would control the trust (the foundation that bore Vatican credentials) that owned the insurance companies, even as he (under an alias) managed their assets through a brokerage firm under his control. And the Vatican stood to make a fortune in excess of $100 million simply by granting its imprimatur to the scheme.

Before the agreement was sealed Frankel was obliged to provide the Vatican Bank with documentation that he possessed the funds for the plan. Frankel responded by releasing the private telephone number of Swiss banker Jean-Marie Wery, a managing director of Banque SCS Alliance. Wery assured the Holy See that Frankel (Rosso) was a very wealthy man who had ample funds to launch a $1 billion venture.

On September 1, 1998, Monsignor Colagiovanni, Monsignor Piovano, and Bishop Salerno contacted Bolan to affirm Holy Father John Paul II's willingness to create a new church foundation with David Rosse (Frankel) as president. They were also pleased to report that Posse could open his own account at the Vatican Bank, a privilege that was offered to only an honored few.

One month later the three Vatican officials came up with a scheme of their own in order to safeguard the Holy See from charges of theft and criminal conspiracy, while still allowing the Vatican to profit from the scheme. Rosso should establish his own charity-the St. Francis of Assisi Foundation to Serve and Help the Poor and Alleviate Suffering-that would be not conspicuously connected to the Vatican.5 The St. Francis Foundation would be united to a second foundation-Monitor Ecclesiasticus-that was directly under papal control. Monsignor Colagiovanni wrote a letter to Rosso in which he offered the

assurance that "any fund or donation given to Monitor Ecclesiasticus Foundation" would fall under the protection of the "very strict confidentiality and secrecy laws" that apply to any entity linked to the Vatican Bank. "Only the Pope personally," the Monsignor continued, "can disclose details of any deposits or donation."'

With Monitor Ecclesiasticus, a foundation that publishes a canon law review that is distributed to cardinals and bishops throughout the world, Holy Mother Church provided an immaculate connection to the Vatican for Frankel-a means by which the Jewish con artist could bilk hundreds of millions from U.S. insurance companies under the righteous name of St. Francis of Assisi, the patron saint of the poor and destitute.

Frankel quickly set about purchasing insurance firms throughout the country. In the midst of the negotiations for Frankel's acquisition of Capitol Life, an insurance company in Colorado, attorney Kay Tatum inquired where the St. Francis of Assisi Foundation acquired the money for the purchase. Tatum was told that the money came from the Holy See, which had donated $51 million to Frankel's foundation through Monitor Ecclesiasticus. With due diligence, Tatum called Monsignor Colagiovanni at the Vatican and recorded the conversation in a memo. Monsignor Colagiovanni assured the lawyer that Monitor Ecclesiasticus was a Vatican foundation and that the Holy Father had provided the money.7

Of course, it wasn't true. The Holy See had not provided one dime to the St. Francis of Assisi Foundation. The Vatican wasn't giving contributions to the elaborate scam. Frankel had to come up with the cash. Holy Mother Church was simply on the take.

To further the fraud, Monsignor Colagiovanni signed a declaration stating that Monitor Ecclesiasticus was "a channel and instrument in fulfilling the will and wish of the Supreme Administrator," that is, the pope.

Several days later Frankel set about to purchase an insurance company in Spokane, Washington, from Metropolitan Mortgage & Securities. C. Paul Sandifer, the president of Metropolitan Mortgage & Securities, wrote a letter to the Vatican to inquire about Monitor Ecclesiasticus and the St. Francis of Assisi Foundation. "The foundation [St. Francis]," Sandifur wrote, "claims to be an agent of the Holy See and desires to engage in a business transaction of $120 million. The foundation also claims that it was established by Monitor Ecclesiasticus ... which they represent as a Vatican foundation." Within two weeks Sandifur received a reply from Archbishop Gio vanni Battsita Re, the third-highest-ranking Vatican official. The archbishop made no mention of Monitor Ecclesiasticus and its official status as a publishing arm of the Roman Catholic Church. He confined his one-sentence response to the St. Francis of Assisi Foundation and said, "No such foundation has the approval of the Holy See or exists in the Vatican."s

An alarmed Sandifer brought Archbishop Re's response to the attention of Kay Tatum, who again contacted Monsignor Colagiovanni at the Vatican and received yet another false affidavit. In this statement, dated February 13, 1999, Colagiovanni said that Monitor Ecclesiasticus had given a billion dollars to the St. Francis Foundation and that this money had come from "various Roman Catholic tribunals and charities."9

Upon purchasing seven insurance companies in five states, Frankel set about siphoning the cash reserves of such holdings into offshore investment firms. One such account was the Jupiter Capital Growth Fund that Frankel had established in the British Virgin Islands. Jupiter Capital had no real assets and served no purpose except to perpetuate a shell game. A look at the transactions within this dummy corporation for a six-month period shows how the shell game was played. In December 1997, $51 million was wired into the Jupiter account at Merrill Lynch; one month later, $40.34 million was wired out to Frankel's bank accounts in Switzerland and Italy. On February 5, 1998, $40.38 million was wired in; 19 days later, $40.38

million was wired out. On April 14, 1998, $90 million was wired in; two days later, $90 million was wired out. On April 28, 1998, $50 million was wired in; ten days later, $50 million was wired out.10

Frankel used the money to purchase mansions, a fleet of expensive automobiles, diamonds, and gold. In one of his two mansions in Greenwich, Connecticut, Frankel established his headquarters with a network of eighty computer terminals hooked to satellite dishes and a virtual harem of more than one hundred female assistants who he had culled from the Internet and personal ads in the newspaper. According to several women who stayed at the mansion, Frankel roamed through his estate in pajamas like the Hugh Hefner of high finance. On weekends he often visited the Vault, a New York City nightclub that caters to sadomasochists." Records showed that Martin Frankel, the founder of the St. Francis of Assisi Foundation, was obsessed with kinky sex and astrology.

Details of Frankel's personal life came to light on August 8, 1997, when Frances Burge, age twenty-two, was founded hanged from a rope on the back deck of the financer's mansion. Burge was one of Frankel's "houseguests." She had met him by responding to a personal ad in the Village Voice. According to Frankel, his relationship with Burge was "rocky" from the start. "Frances did not look as I expected," he told the police after her death. "She was overweight but she was a nice person. During that evening, Frances had taken her clothes off and wanted to have sex. I didn't want to."12

Like many of the other women in Frankel's keeping, Burge had light duties and told her mother that she was serving the financier as an "office assistant." When the police searched Burge's room at the estate, they found films and literature on sexual bondage, a leather riding crop, and ropes. They also found a pad with a handwritten draft for a personal ad that read: "Young woman looking for a special relationship with that special kinky fun erotic person."13

Frankel's scheme proceeded nicely until George Dale, a Mississippi Insurance Commissioner, noticed massive wire transfers

from the reserve accounts of three Mississippi insurance companies that were owned by the St. Francis of Assisi Foundation. Dale noted that the funds were being sent to a firm in New York called Liberty National Securities. Upon making a series of calls, he discovered that Liberty National was nothing more than a post office box with a telephone answering service. As he probed further, Dale came to realize that the St. Francis of Assisi Foundation, the owner of the companies, served no parochial or charitable purpose, except to channel funds to Swiss, Italian, and Vatican banking accounts.14

When the Mississippi insurance commissioner approached the Holy See about the matter, he received an official letter from the Curia stating that neither Monitor Ecclesiasticus nor the St. Francis of Assisi Foundation fell under the jurisdiction of the Vatican. This was the third fraudulent statement to be issued from Holy Mother Church about the sordid matter.

Before arrest warrants were issued, Frankel consulted his astrological guide in one of his Greenwich mansions and noticed that his stars were misaligned. He quickly packed his bags, leased a jet, and headed off to Europe with two of his girlfriends.

In October 1999 a federal grand jury indicted Frankel for looting more than $200 million from seven insurance companies. Two months later the scam artist was arrested in Germany for carrying false passports and attempting to smuggle millions of dollars in diamonds into the country.

The FBI seized one of Frankel's estates in Greenwich, valued at $3 million, in May 2000, claiming that it served as headquarters for money laundering and fraud operations. At the same time, the Internal Revenue Service (IRS) took possession of his second Greenwich estate, valued at $2.5 million, saying that the property had been purchased with money stolen from insurance funds.15

The next month Frankel pleaded guilty in Hamburg, Germany, to charges of evading the payment of $1.2 million in customs duties on

the $5.35 million of diamonds that he smuggled into the country. His plea delayed his extradition to the United States. Going into the courtroom, Frankel said that he would rather serve time in Germany than the United States where prison conditions were "inhumane." "The German constitution," he told reporters, "has laws that let a person rehabilitate himself and I am being tried under German law." 6 He was sentenced to three years in prison and fined $1.6 million.

In March 2001, realizing that his extradition to the United States was imminent, Frankel made a desperate attempt to escape from the prison in Hamburg. Using a piece of wire, he tried to cut through the bars of his cell. Frankel failed to notice that a security camera was monitoring his actions. Two weeks later he pleaded innocent to charges of grand theft, racketeering, money laundering, and fraud before U.S. authorities.

Insurance commissioners from five states initiated a massive lawsuit against the Roman Catholic Church in May 2001, claiming that the Vatican had acted as a front for Frankel's criminal activities. "High ranking officials of the Vatican," the lawsuit said, "authorized and ratified the plan whereby Monitor Ecclesiasticus would be used as a conduit for the flow of Frankel's money to the St. Francis Foundation to purchase U.S. insurance companies." The suit seeks more than $200 million in damages. But the chances of collecting a dime from the Vatican with its status as a sovereign state remain remote. Frankel, who committed the greatest insurance theft in U.S. history, had come to learn a lesson from the Sicilian Mafia: the Holy See, as Richard Behar pointed out in a feature article in Fortune, provides a perfect place "to wash dirty money." 17

The Frankel affair provided vivid testimony that the Roman Catholic Church had not changed its avaricious ways in the aftermath of the Ambrosiano affair. The Vatican remained willing and eager to enter into an unsavory relationship for the sake of gain. The signing of the Lateran Treaty had set a course from which the Church could not alter. It was a course that led to the concordat with Hitler, the

establishment of the Fascist state of Croatia, the Nazi ratlines, the agreement with Sindona and the Sicilian Mafia, the counterfeit securities, the death of John Paul I, the bankruptcy of hundreds of businesses, wholesale genocide, gangland slayings, and the financial destitution of thousands of families. The deal with the devil-made so long ago by Pope Pius XI as he heard rats in the walls of the Lateran Palace-could not be reneged or undone.

# 19
# A Fortress Impregnable

Jesus turned and said to Peter: "Get behind me, Satan! You are a stumbling block to me; you do not have in mind the things of God, but the things of men." Then Jesus said to his disciples, "If anyone would come after me, he must take up his cross and follow me. For whoever wants to save his life will lose it, but whoever loses his life for me will find it. Whatgood will it be for a man if hegains the whole world, yet forfeits his soul?"

Matt. 16:23-26

In 1982 Roberto Calvi placed the worth of the Vatican Bank, in isolation from the other accounts of the Roman Catholic Church, to be in excess of $10 billion.' Few men knew the inner workings of the Vatican institution that had been created by Pope Pius XII and Bernardino Nogara better than the Mafia figure who came to be known as "God's banker." The worth of the Vatican Bank today remains anyone's guess. Several financial experts have figured that the value of the Vatican's holdings must have tripled or quadrupled during the boom years of the 1980s and 1990s. But this remains mere conjecture. When one attempts to combine the assets of the Vatican Bank with the other accounts and assets of the Roman Catholic Church, one enters a financial stratosphere where calculations become surreal. There are no paper trails leading to and from the Vatican Bank. No audits by outside agencies are conducted. All internal and external financial statements of Holy Mother Church exempt the Vatican Bank from consideration or ruling. Inevitably, one who scrutinizes these statements will come upon such phrases as "leaving intact the special character of the IOR [Vatican Bank]," "not including the IOR," or "with full respect for the judicial holdings of the IOR."2 The Vatican Bank remains a corporate entity-separate and distinct from all other entities and offices within the Holy See.

The union of God and Mammon in the creation of Vatican, Inc. served to give rise to moral decay and spiritual corruption. At the start of the new millennium Holy Mother Church witnessed the most sordid scandal of a different kind: a plague of pedophilia among its prelates that gave rise to hundreds of sex abuse cases.

The problem first arose in 1985, when Fr. Gilbert Gauthe of Lafayette, Louisiana, confessed to molesting eleven boys and later admitted to sexually assaulting dozens more.' He was sentenced to twenty years in prison and out-of-court settlements were reached with the victims. But Father Gauthe's case was far from isolated. The press attention surrounding the priest's arrest and conviction served

to pry open the floodgates. Within the same diocese of Louisiana, nineteen additional priests were accused of abuse within the next two years, with millions doled out by the bishop to silence these matters. But money cannot put out a fire. It burns and, like a prairie fire, the scandal continued to spread.

In 1985, the same year Father Gauthe was sent to prison, Fr. Thomas Doyle, a canon lawyer for the Vatican in Washington, D.C., wrote a confidential memo to U.S. bishops citing thirty cases with one hundred victims and projecting a cost to the American Catholic 4 Church of over $1 billion within the next ten years.

In 1989 Bishop Joseph Ferrario of Hawaii became the first member of the Catholic hierarchy in the United States to be accused of child molestation. A court dismissed the case, not for lack of evidence, but rather because of a technicality: the plaintiffs had filed too late. Bishop Ferrario, who denied the charges, retired early in 1993.5

The situation worsened. In 1990 Fr. Bruce Ritter, celebrated leader of the Covenant House for runaway teenagers in New York City, stepped down amidst allegations that he had fondled a young boy in his care. Father Ritter denied the accusation, but a bevy of other boys stepped forward to support the charge. To still the uproar, Ritter's Franciscan superiors transferred him to India.6

By 1992 more than 400 American priests were accused of child molestation and more than $400 million had been spent to settle the claims of the victims. The priests involved in such cases were neither defrocked nor dispatched to psychological treatment facilities. Instead they were reassigned to other parishes in different dioceses. In this way the cancer within the Church metastasized, spreading from one location to another in an unchecked manner.

A Dallas jury heard charges from eleven victims of Fr. Rudy Kos and returned a $120 million verdict, in 1997. The award was later

reduced to $30 million, but the dioceses, nevertheless, was forced to take out mortgages and sell property to cover the judgment.

Two years later Bishop J. Keith Symons of Palm Beach, Florida, became the first U.S. bishop to resign after admitting to charges of child molestation. Symons was replaced by Bishop Anthony O'Connell. Within the year, O'Connell, too, was forced to resign after the St. Louis Post-Dispatch discovered that he had molested a student at a seminary in Missouri in 1975.The student who had been molested was paid $125,000 in hush money by the diocese in Missouri. The extent of the problem within the Church was now becoming apparent. The bishop who had been assigned to heal the diocese because of the sexual sins of his predecessor turned out to be a sexual predator himself.7

In 2002 Fr. John Geoghan was convicted of sexually abusing 130 children while serving as a priest in the Archdiocese of Boston. He was sentenced to ten years in prison. Cardinal Bernard Law came under widespread attack by the press when it was learned that he never sought to dismiss Geoghan from his priestly duties but rather kept moving him from parish to parish, where he would commit new sexual crimes.

By the time Pope John Paul II summoned the U.S. cardinals to the Vatican in 2002 to discuss the scandal, over 600 priests had been charged with the sexual molestation of children. The pope's refusal to demand the dismissal of priests from holy office who had been found guilty of child molestation provoked widespread criticism.8 His silence in this matter was likened to the silence of Pius XII during the Nazi Holocaust. Church officials said that the Vatican opted to keep its distance from the scandal because it viewed sexual abuse as an American problem.

But the problem was not restricted to the United States. It was truly "catholic" in scope and spread to nearly every diocese in the "civilized" world. In John Paul's native Poland, Archbishop Juliusz Paetz of Poznan was accused of molesting young seminarians. The

charges became public in January 2002. Paetz, age sixty-seven, who had been appointed to his position by the pope, denied the charges but remained at the center of widening reports of other abuse cases in his diocese.9

In Austria public pressure forced the retirement of Cardinal Hans Hermann Groer, Archbishop of Vienna, who was charged with the fondling of young men and boys in a seminary. Cardinal Groer denied the accusations, but his replacement, Cardinal Christoph Schonborn, said they were true and apologized on behalf of Holy Mother Church.10

In Ireland the Roman Catholic hierarchy agreed to pay more than $110 million in damages to compensate the thousands of victims of sexual molestation by priests and nuns in Church-run schools and child-care centers over the course of the past fifty years.

By September 2002 more than thirty French priests had been convicted of the sexual molestation of children and eleven had been sent to prison. Bishop Pierre Pican of the Diocese of Bayeux-Lisieux received a three-month suspended sentence for failing to report pedophile priests to civilian authorities. He, like his American counterparts, simply reassigned them to other parishes."

Many U.S. lawyers who accepted such cases inevitably looked at the Holy See with its vast wealth as an easy target-a cash cow from which they could milk millions for their clients. This presumption was verified by the way in which local dioceses were willing to make payments to contain the matter and to ward off public concern. By 2002 the U.S. Catholic Church had shelled out more than $1 billion since the first major sex abuse case had surfaced in Louisiana in 1985. Such payments, according to Roderick MacLeish Jr., a Boston lawyer who has handled more than a hundred of these cases, "are just the tip of the iceberg and it will be a multibillion problem before it ends."12 Few could question the accuracy of MacLeish's projections. In May 2002 the Archdiocese of Boston backed out of a settlement with eighty-six victims of one priest, claiming that the massive

payment would prevent them from making restitution to the scores of plaintiffs who were waiting in line for cash restitution. In Los Angeles one lawyer, who won a $5.2 million settlement from the Church in 2001, signed up more than one hundred new clients within six weeks.13

The litigation posed an enormous threat to the good works of the Roman Catholic Church with its network of schools, colleges, hospitals, and charities. By 2002 dioceses throughout the country were suffering massive hemorrhages of red ink: the Boston Archdiocese displayed a deficit of $5 million; the Archdiocese of New York-$20 million.

But the Vatican remains impervious to such actions. Its bank accounts are out of reach of altar boys who were sexually abused by their parish priests. As a sovereign state, it cannot be sued. Its billions in assets will continue to produce millions in revenues, even if the contributions of the faithful are cut back to a trickle.

The bishops who preside over the 194 dioceses throughout the United States receive their authority from the pope. They are bound to him in the same manner that a medieval vassal was bound to a feudal lord. They owe him complete obedience and fealty. Fealty consists not only of undying loyalty but also a payment of a tithe of all their holdings. The pope, as the sovereign ruler of Holy Mother Church, possesses the right to collect this payment upon demand. He also maintains the right to confiscate all the holdings of any diocese, if he so desires. All the assets of Holy Mother Church remain at his disposal.14

In practice, the Holy Father permits the bishops to rule over their dioceses with little or no interference, provided, of course, that they pay their fair share of support to the Holy See. Since the flow of money always flows to the Vatican and never in the opposite direction, the 3,000 parishes in the United States must raise money to pay for their operations, including the expenses of the parish schools. They represent the serfs in this medieval system. The parishes are

obliged to give a portion of their income-from 10 to 20 percentto the diocese.

The dioceses use this money to support the "chancery" (the name for the clerical bureaucracy under the bishop), along with Catholic hospitals, hospices, soup kitchens, seminaries, nursing-care facilities, and other social services. The revenue from the parishes is augmented by fund-raising campaigns, earnings on endowments and investments, and gifts from benefactors. Some dioceses are very wealthy, some extremely poor. Some issue detailed financial statements; some provide no financial disclosure. But all the dioceses must make a financial report to the Holy Father every five years.

The sexual scandal is wreaking havoc among the 194 American dioceses, especially the poorest ones. By 1999 the Santa Rosa diocese had been forced to curtail its ministerial programs, to halt its building projects, and to borrow $6 million from other dioceses. "The ultimate impact of the lawsuits is that the people who are not responsible for the abuse end up paying for it," R. Scott Appleby, director of the Cushwa Center for Catholic Studies at the University of Notre Dame, told the New York Times. "Programs get cut and the poor get hurt the Most. 1115

In 1995 the Archdiocese of Santa Fe, New Mexico, was forced to sell a retreat house operated by Dominican nuns and other properties to pay the settlement costs not covered by insurance policies. This cost was estimated to be in excess of $30 million. In 1997 the Diocese of Dallas was obliged to mortgage the chancery building, several vacant lots, and a property that once housed an elementary school in order to pay its share of a $30 million sexual abuse case. The alternative, as Dallas church official Bronson Havard, said, was bankruptcy.I" In 2002 Cardinal Francis E. George of the Archdiocese of Chicago said that he might be forced to sell his $15 million mansion in order to meet the cost of present abuse settlements.

Insurance companies have responded to the scandal by increasing premiums, excluding coverage of sexual abuse by priests,

or by canceling policies. "There is no coverage for pedophilia," said Michael Sean Quinn, a lawyer in Austin, Texas, who defended churches in sex abuse cases and who teaches insurance law at the University of Texas." By 2002 six insurance companies refused to pay claims over incidents that arose within a parish in Stockton, California, under the "intentional acts" (illegal or improper acts committed by policyholders with awareness that such acts could result in litigation) exclusion of the policies. The companies claimed that the leaders of the Church ignored documentation that the priests in question were possible threats to altar boys.

The scandal has resulted in a precipitous decrease in donations not only by blue-collar Catholic families but also by major philanthropists and Catholic foundations. "The Church should open its books," said Erica P. John, heiress to the Miller brewery fortune and president of a private foundation that contributes $5 million a year to Catholic causes in Milwaukee. "The Church is not a secret society. We're the people of God and we want transparency." 18 By referring to the Church as the "People of God," Ms. John was upholding the teachings of Paul VI and bringing to mind the internal conflict he must have endured between his socialistic tendencies and his desire to safeguard the vast wealth of the Holy See, a conflict that had resulted in the Ambrosiano affair and the long pontificate of John Paul II.

The sex abuse scandal, according to Fr. Andrew Greeley, a prominent sociologist and author, "may be the greatest scandal in the history of religion in America and, perhaps, the most serious crisis Catholicism has faced since the Reformation." 19 The crisis has resulted in a sharp decrease in giving, a curtailment of services to the poor and needy, an abandonment of Catholic missions, and the bankruptcy of dioceses. And yet the Vatican appears remote and unconcerned with such developments. Its holdings are secure and safe from all threats of litigation. It functions primarily not as a religious or charitable institution, but as a massive corporation. For this reason the Holy See, as numerous critics have observed, manifests insensitivity to the plight of the victims and the cries of the

faithful. It has gained the whole world and, perhaps, in so doing, it has lost its soul.

# Epilogue
# And So It Goes

> Woe to you, teachers of the law and Pharisees, you hypocrites! You are like whitewashed tombs, which look beautiful on the outside but on the inside are full of dead men's bones and everything unclean. In the same way, on the outside you appear to people as righteous but on the inside you are full of hypocrisy and wickedness.
>
> Matt. 23:27-28

Since the ascendancy of Pope John Paul II to the throne of St. Peter in 1978, the Sicilian Mafia has been very active in Poland. At times they have joined hands with the Russian Mafia-most notably their counterparts in Chechnya-to expand their global activities.

By 2002 Poland, a country in which drug addition and distribution was virtually nonexistent, became a major distribution point for the narcotics trade. More than fifteen tons of heroin flow into Poland each year from the seaport city of Sofia in Turkey, where it is sold by the babas (Turkish drug dealers) to agents for the Sicilian Mafia. The heroin is not the low-grade Number Three product, good only for smoking, that comes from the places in the Far East. This product is high-grade Number Four, ideal for injecting, that has been grown and refined in the Golden Crescent of Iran, Pakistan, and Afghanistan.' From Sophia the heroin is shipped across the Black Sea to the Ukraine, and from the Ukraine to Poland. This route is ideal, not

simply because of Poland's central location between eastern and western Europe, but also because the eastern border of Poland is so poorly patrolled.

Other aspects of the drug trade are prospering in Poland. Over 40 percent of the amphetamines sold in Europe and the United States come from Poland. It has become a major base for drug lords from South America (thanks to the connections of Licio Gelli and P2) to process and define cocaine.2

The trafficking has had an impact on the population. In 1978 there were fewer than 5,000 heroin and cocaine users in Poland. Twenty-four years later, 200,000 heroin and cocaine users were identified and half of them were addicts.3

The eastern European country has also become a center for the sale of arms and ammunition to strong-arm governments and terrorists groups. The Palestine Liberation Organization (PLO), for example, purchases almost all of its weaponry from Poland. In the bazaars within the major cities of Warsaw and Krakow, a visitor can purchase a wide array of sophisticated weaponry: land mines, grenades, infrared night sights, 105-millimeter cannons, ground-toair missiles, Cobra helicopter ships, and Leopard tanks.

Another business booming in Poland, thanks to the presence of the Sicilian Mafia, is white slavery. Women and children are regularly abducted from Poland and transported to Milan and other destinations in Italy, where they are sold to wealthy Arab businessmen.

But far and away the most prosperous activity for the Mafia in Poland is waste disposal. Within Poland, it is possible to spill, unload, or bury material that cannot be dumped anywhere else in the world: red-bag medical waste, toxic substances from chemical plants, hazardous materials from construction sites, and the residue from nuclear power plants. Waste and waste disposal in recent years have become the major concern of the Sicilian Mafia in Europe and the

United States. The Mafia-from the Genovese, Gambino, and Lucchese families in New York to the Inzerillo, Buscetta, and Greco families in Sicily-has become sophisticated. It has turned from guns to garbage. In 2002 the FBI estimated that the Camorra Crime Syndicate (a secret criminal society in Naples, older even than the Mafia), had amassed between $3.5 and $8.5 billion from the illegal dumping of toxic waste in Poland.4 Small wonder that dump sites are sought by mafiosi and businessmen with the right connections throughout the world.

In the fall of 1996, Mitch Grochowski and I-two reporters for the Metro, an award-winning weekly newspaper in northeastern Pennsylvania-met with Renato Mariam, the owner and operator of the Empire Landfill, one of the largest garbage dumps in America. Mariani later became a convicted felon as a result of the channeling of garbage money into the presidential campaign of 1996. During our meeting Mariani discussed the Empire facility and the plans of his organization to open a landfill outside of Krakow, Poland. Mariani boasted of making the right connections in Poland through a prominent businessman, who, according to informed sources, has ties to organized crime families in New York and New Jersey. The businessman, with a base of operations in Poland, served as an "unofficial" ambassador to the Vatican with full and immediate access to the pope.

Mariani said that he didn't want to deal with any elected officials in Poland, neither the Democrats nor the Communists. His contacts had assured him that the only way to set up an operation of any kind in Poland was through the intercession of the Holy Father of the Roman Catholic Church. "You can't get anything or do anything in Poland," Mariani said, "unless you go through the pope."

And so it goes.

The relationship between the Sicilian Mafia and Vatican, Inc. remains intact. The pontificate of John Paul II has resulted neither in the progressive reforms of John XXIII and Paul VI nor a return to

traditional Catholic worship and teaching. It rather has resulted in the stabilization of Vatican, Inc. as a financial and political institution. The primary goal of this institution is not the quest and dissemination of spiritual truths in an age of uncertainty, but rather the perpetuation of its own corporate interests through intrigue, mendacity, theft, and, when the situation demands, bloodshed.

Certainly, John Paul II is neither a card-carrying member of a La Cosa Nostra family nor an active member of P-2. But he has allowed members of Gelli's society to remain in Vatican positions and he has failed to sever the Church's ties to the Mafia. Indeed, he has strengthened such ties and refused to inaugurate any reforms within the Vatican Bank. Moreover, for some mysterious reason the pope has sheltered Archbishop Marcinkus from justice and even attempted to elevate the disgraced Vatican banker to the college of cardinals.

It is true to John Paul II's credit that he spoke against the Mafia during a trip to Sicily in 1993. The pope said in a homily: "Do not kill. No man, no human association, no Mafia can change or trample the right to life. This most holy right belongs to God."5 It is also true that John Paul II decried the Mafia's assassination of Fr. Giuseppi Puglisi, an active opponent of organized crime in Sicily.

But the pope's words ring hollow in the midst of persistent illicit financial transactions between the organized crime families and the Vatican. On October 3, 1999, three years after John Paul II pressed for the beatification of Father Puglisi, twenty-one members of the Sicilian Mafia were arrested in Palermo for conducting an elaborate online banking scam with the cooperation of the Vatican Bank. Antonio Orlando, the capo who masterminded the operation, succeeded in siphoning off 264 billion lire (about $115 million) from banks throughout Europe. The money was sent to the Emilia Romagna in the northern region of Italy. From this location it was channeled into numbered accounts at the Vatican Bank.6 Just before the arrests, Orlando and his crew had set in motion a plan to net 2 trillion lire (around $1 billion) from the Bank of Sicilia. Giuseppe Limia,

head of Italy's anti-Mafia commission, said that the arrests showed how dangerous the mob had become in using the Internet for illicit purposes.' Despite the arrests and subsequent convictions, Italian investigators were prevented from probing into the Vatican Bank's part in the scheme because of the sovereign status of Vatican City.

As further proof that business as usual has persisted at the Vatican during John Paul II's reign, the Daily Telegraph, London's respected newspaper, ran an article on November 19, 2001, that identified the Vatican Bank-along with banks in "cut out" countries such as Mauritius, Macao, Nauru, and Luxembourg-as being one of the major places in the world for laundering underworld cash.8

John Paul II, throughout one of the longest pontificates in ecclesiastical history, has remained remarkably immune from widespread criticism. As scandal gives way to scandal, too many investigative reporters and news commentators refuse to take the pope to task, not even to question his judgment in allowing the money changers to remain in the holy temple. Nowhere is this fact more apparent than in the biography of the Polish pope by Carl Bernstein and Marco Politi. The very title of the work, His Holiness: John Paul II and the History of Our Time, betrays the obsequiousness of the authors before their exalted subject. Throughout the lengthy text, Bernstein and Politic, two of the world's leading journalists, never seek to investigate the nagging question of the pope's "lost years"; never make reference to Sindona, Calvi, or Gelli; never press for information about the Ambrosiano affair and the Sicilian connection; and never make mention of Archbishop Paul Marcinkus and the Vatican Bank.

The accounts in these pages are not exaggerations and have not been subjected to editorial amplification for popular consumption. They are matters of recorded history. They have been captured on camera and kept as evidence in crime labs, police files, and even Holocaust museums. They have been documented by leading historians and journalists, such as Richard Hammer, David Yallop,

Claire Sterling, Nick Tosches, and John Cornwell. They have been broadcast by reporters and news commentators throughout the world even though the matters have not captured the major attention of the media. Such matters cannot be treated as matters of no substance or importance. They have impacted all aspects of life-moral, spiritual, political, and economic-at the turn of the twenty-first century.

In 1977, shortly before his death, Pope Paul VI said: "The smoke of Satan has entered the Church. It is around the altar."9 When did Satan enter the holy sanctuary of the Roman Catholic Church? When did the gates of heaven fail to prevail against him? Some say he entered with the signing of the Lateran Treaty on February 22, 1929. Others say this occurred at a much earlier date-on a bright October morning in 312, when Miltiades, the old and feeble bishop of Rome, knelt before the Roman Emperor Constantine to receive the title of Pontifex Maximus and the promise of riches beyond measure.

# Appendix A
# A Chronological List of the Popes

St. Peter (32-67c.E.)

St. Linus (67-76)

St. Anacletus (Cletus) (76-88)

St. Clement I (88-97)

St. Evaristus (97-105)

St. Alexander I (105-115)

St. Sixtus I (115-125)-also called Xystus I

St. Telesphorus (125-136)

St. Hyginus (136-140)

St. Pius I (140-155)

St. Anicetus (155-166)

St. Soter (166-175)

St. Eleutherius (175-189)

St. Victor I (189-199)

St. Zephyrinus (199-217)

St. Callistus I (217-222)

St. Urban I (222-230)

St. Pontain (230-235)

St. Anterus (235-236)

St. Fabian (236-250)

St. Cornelius (251-253)

St. Lucius I (253-254)

St. Stephen I (254-257)

St. Sixtus II (257-258)

St. Dionysius (260-268)

St. Felix I (269-274)

St. Eutychian (275-283)

St. Caius (283-296)-also called Gaius

St. Marcellinus (296-304)

St. Marcellus I (308-309)

St. Eusebius (309 or 310)

St. Miltiades (311-314)

St. Sylvester I (314-335)

St. Marcus (336)

St. Julius I (337-352)

Liberius (352-366)

St. Damasus I (366-383)

St. Siricius (384-399)

St. Anastasius I (399-401)

St. Innocent I (401-417)

St. Zosimus (417-418)

St. Boniface I (418-422)

St. Celestine I (422-432)

St. Sixtus III (432-440)

St. Leo I (the Great) (440-461)

St. Hilarius (461-468)

St. Simplicius (468-483)

St. Felix III (II) (483-492)

St. Gelasius I (492-496)

Anastasius 11 (496-498)

St. Symmachus (498-514)

St. Hormisdas (514-523)

St. John I (523-526)

St. Felix IV (III) (526-530)

Boniface II (530-532)

John 11 (533-535)

St. Agapetus I (535-536)-also called Agapitus I

St. Silverius (536-537)

Vigilius (537-555)

Pelagius I (556-561)

John III (561-574)

Benedict I (575-579)

Pelagius II (579-590)

St. Gregory I (the Great) (590- 604)

Sabinian (604-606)

Boniface III (607)

St. Boniface IV (608-615)

St. Deusdedit (Adeodatus I) (615- 618)

Boniface V (619-625)

Honorius 1 (625-638)

Severinus (640)

John IV (640-642)

Theodore I (642-649)

St. Martin I (649-655)

St. Eugene I (655-657)

St. Vitalian (657-672)

Adeodatus (II) (672-676)

Donus (676-678)

St. Agatho (678-681)

St. Leo II (682-683)

St. Benedict II (684-685)

John V (685-686)

Conon (686-687)

St. Sergius I (687-701)

John VI (701-705)

John VII (705-707)

Sisinnius (708)

Constantine (708-715)

St. Gregory II (715-731)

St. Gregory III (731-741)

St. Zachary (741-752)

Stephen 11 (752)

Stephen III (752-757)

St. Paul I (757-767)

Stephen IV (767-772)

Adrian I (772-795)

St. Leo III (795-816)

Stephen V (816-817)

St. Paschal I (817-824)

Eugene II (824-827)

Valentine (827)

Gregory IV (827-844)

Sergius II (844-847)

St. Leo IV (847-855)

Benedict III (855-858)

St. Nicholas I (the Great) (858- 867)

Adrian 11 (867-872)

John VIII (872-882)

Marinus I (882-884)

St. Adrian III (884-885)

Stephen VI (885-891)

Formosus (891-896)

Boniface VI (896)

Stephen VII (896-897)

Romanus (897)

Theodore II (897)

John IX (898-900)

Benedict IV (900-903)

Leo V (903)

Sergius III (904-911)

Anastasius III (911-913)

Lando (913-914)

John X (914-928)

Leo VI (928)

Stephen VIII (929-931)

John XI (931-935)

Leo VII (936-939)

Stephen IX (939-942)

Marinus II (942-946)

Agapetus 11 (946-955)

John XII (955-963)

Leo VIII (963-964)

Benedict V (964)

John XIII (965-972)

Benedict VI (973-974)

Benedict VII (974-983)

John XIV (983-984)

John XV (985-996)

Gregory V (996-999)

Sylvester 11 (999-1003)

John XVII (1003)

John XVIII (1003-1009)

Sergius IV (1009-1012)

Benedict VIII (1012-1024)

John XIX (1024-1032)

Benedict IX (1032-1045)

Sylvester III (1045)

Benedict IX (1045)

Gregory VI (1045-1046)

Clement II (1046-1047)

Benedict IX (1047-1048)

Damasus II (1048)

St. Leo IX (1049-1054)

Victor II (1055-1057)

Stephen X (1057-1058)

Nicholas II (1058-1061)

Alexander II (1061-1073)

St. Gregory VII (1073-1085)

Blessed Victor III (1086-1087)

Blessed Urban II (1088-1099)

Paschal II (1099-1118)

Gelasius II (1118-1119)

Callistus II (1119-1124)

Honorius II (1124-1130)

Innocent II (1130-1143)

Celestine II (1143-1144)

Lucius 11 (1144-1145)

Blessed Eugene III (1145-1153)

Anastasius IV (1153-1154)

Adrian IV (1154-1159)

Alexander III (1159-1181)

Lucius III (1181-1185)

Urban III (1185-1187)

Gregory VIII (1187)

Clement III (1187-1191)

Celestine III (1191-1198)

Innocent III (1198-1216)

Honorius III (1216-1227)

Gregory IX (1227-1241)

Celestine IV (1241)

Innocent IV (1243-1254)

Alexander IV (1254-1261)

Urban IV (1261-1264)

Clement IV (1265-1268)

Blessed Gregory X (1271-1276)

Blessed Innocent V (1276)

Adrian V (1276)

John XXI (1276-1277)

Nicholas III (1277-1280)

Martin IV (1281-1285)

Honorius IV (1285-1287)

Nicholas IV (1288-1292)

St. Celestine V (1294)

Boniface VIII (1294-1303)

Blessed Benedict XI (1303-1304)

Clement V (1305-1314)

John XXII (1316-1334)

Benedict XII (1334-1342)

Clement VI (1342-1352)

Innocent VI (1352-1362)

Blessed Urban V (1362-1370)

Gregory XI (1370-1378)

Urban VI (1378-1389)

Boniface IX (1389-1404)

Innocent VII (1406-1406)

Gregory XII (1406-1415)

Martin V (1417-1431)

Eugene IV (1431-1447)

Nicholas V (1447-1455)

Callistus III (1455-1458)

Pius II (1458-1464)

Paul II (1464-1471)

Sixtus IV (1471-1484)

Innocent VIII (1484-1492)

Alexander VI (1492-1503)

Pius III (1503)

Julius II (1503-1513)

Leo X (1513-1521)

Adrian VI (1522-1523)

Clement VII (1523-1534)

Paul III (1534-1549)

Julius III (1550-1555)

Marcellus 11 (1555)

Paul IV (1555-1559)

Pius IV (1559-1565)

St. Pius V (1566-1572)

Gregory XIII (1572-1585)

Sixtus V (1585-1590)

Urban VII (1590)

Gregory XIV (1590-1591)

Innocent IX (1591)

Clement VIII (1592-1605)

Leo XI (1605)

Paul V (1605-1621)

Gregory XV (1621-1623)

Urban VIII (1623-1644)

Innocent X (1644-1655)

Alexander VII (1655-1667)

Clement IX (1667-1669)

Clement X (1670-1676)

Blessed Innocent XI (1676-1689)

Alexander VIII (1689-169 1)

Innocent XII (1691-1700)

Clement XI (1700-1721)

Innocent XIII (1721-1724)

Benedict XIII (1724-1730)

Clement XII (1730-1740)

Benedict XIV (1740-1758)

Clement XIII (1758-1769)

Clement XIV (1769-1774)

Pius VI (1775-1799)

Pius VII (1800-1823)

Leo XII (1823-1829)

Pius VIII (1829-1830)

Gregory XVI (1831-1846)

Blessed Pius IX (1846-1878)

Leo XIII (1878-1903)

St. Pius X (1903-1914)

Benedict XV (1914-1922)

Pius XI (1922-1939)

Pius XII (1939-1958)

Blessed John XXIII (1958-1963)

Paul VI (1963-1978)

John Paul I (1978)

John Paul 11 (1978- )

# Appendix B
# The Lateran Treaty of 1929

SECTION 1. CONCILIATION TREATY

In the name of the Most Holy Trinity.

Whereas the Holy See and Italy have recognized the desirability of eliminating every reason for dissension existing between them and arriving at a final settlement of their reciprocal relations which shall be consistent with justice and with the dignity of both High Contracting Parties, and which by permanently assuring to the Holy See a position de facto and de jure which shall guarantee absolute independence for the fulfillment of its exalted mission in the world, permits the Holy See to consider as finally and irrevocably settled the Roman Question which arose in 1870 by the annexation of Rome to the Kingdom of Italy, under the Dynasty of the House of Savoy;

And whereas it was obligatory, for the purpose of assuring the absolute and visible independence of the Holy See, likewise to guarantee its indisputable sovereignty in international matters, it has been found necessary to create under special conditions the Vatican City, recognizing the full ownership, exclusive and absolute dominion, and sovereign jurisdiction of the Holy See over that City;

His Holiness the Supreme Pontiff Pius XI and His Majesty Victor Emanuel III, King of Italy, have agreed to conclude a Treaty, appointing for that purpose two Plenipotentiaries, being on behalf of His Holiness, His Secretary of State, viz. His Most Reverend Eminence the Lord Cardinal Pietro Gasparri, and on behalf of his Majesty, His Excellency the Cav. Benito Mussolini, Prime Minister and Head of the Government; who, having exchanged their respective full powers, which were found to be in due and proper form, have hereby agreed to the following articles:

Article I

Italy recognizes and reaffirms the principle established in the first Article of the Italian Constitution dated March 4, 1848, according to which the Catholic Apostolic Roman religion is the only State religion.

Article 2

Italy recognizes the sovereignty of the Holy See in international matters as an inherent attribute in conformity with its traditions and the requirements of its mission to the world.

Article 3

Italy recognizes the full ownership, exclusive dominion, and sovereign authority and jurisdiction of the Holy See over the Vatican as at present constituted, together with all its appurtenances and endowments, thus creating the Vatican City, for the special purposes and under the conditions hereinafter referred to.

The boundaries of the said City are set forth in the map called Annex I of the present Treaty, of which it is forms an integral part.

It is furthermore agreed that, although forming part of the Vatican City, St. Peter's Square shall continue to be normally open to the public and shall be subject to supervision by the Italian police authorities, which powers shall cease to operate at the foot of the

steps leading to the Basilica, although the latter shall continue to be used for public worship. The said authorities shall, therefore, abstain from mounting the steps and entering the said Basilica, unless and except they are requested to do so by the proper authorities.

Should the Holy See consider it necessary, for the purpose of special ceremonies, temporarily to prohibit the public from free access to St. Peter's Square, the Italian authorities shall (unless specially requested to do otherwise) withdraw to beyond the outer lines of Bernini's Colonnade and the extension thereof.

Article 4

The sovereignty and exclusive jurisdiction over the Vatican City, which Italy recognizes as appertaining to the Holy See, forbid any intervention therein on the part of the Italian Government, or that any authority other than that of the Holy See shall be there acknowledged.

Article 5

For the purpose of the execution of the provisions of the preceding Article before the present Treaty comes into force, the Italian Government shall see to it that the territory forming the Vatican City shall remain free from any charge and from possible occupants. The Holy See shall arrange to enclose the access thereto, enclosing such parts thereof as remain open, except St. Peter's Square.

It is furthermore agreed that, in respect of the buildings there existing and belonging to religious institutions or bodies, the Holy See shall settle relations with the latter direct, the Italian Government having no part in such arrangements.

Article 6

Italy shall provide, by means of suitable agreements entered into with the interested parties, that an adequate water supply be fully assured

to the Vatican City. Italy shall furthermore provide for connection with the State railways by constructing a railway station within the Vatican City on the spot shown on the annexed map, and by permit ting the circulation of railway carriages belonging to the Vatican on the Italian railways. It shall further provide for direct connection with other States by means of telegraph, telephone, wireless, broadcasting, and postal services in the Vatican City. It shall equally also provide for the coordination of all other public services.

All expenses connected with the arrangements above mentioned shall be defrayed by the Italian State, within the period of one year from the entry into force of the present Treaty.

The Holy See shall, at its own expense, arrange the existing means of access to the Vatican, and those others which it may consider it necessary to make in the future.

Agreements shall be subsequently concluded between the Holy See and Italy concerning the circulation, on and over Italian territory, of land vehicles and aircraft belonging to the Vatican City.

Article 7

The Italian Government undertakes to prohibit the construction within the territory surrounding the Vatican City, of any new buildings which might overlook the latter, and shall for a like purpose provide for the partial demolition of similar buildings already standing near the Porta Cavalleggeri and along the Via Aurelia and the Viale Vaticano.

In accordance with the provisions of International Law, it shall be forbidden for aircraft of any kind whatsoever to fly over Vatican territory.

On the Piazza Rusticucci, and in the areas adjoining the Colonnade, over which the extra-territoriality referred to in Article 15 hereof does not extend, all structural alterations or street construction shall only be effected by mutual assent.

Article 8

Considering the person of the Supreme Pontiff to be sacred and inviolable, Italy declares any attempt against His person or any incitement to commit such attempt to be punishable by the same penalties as all similar attempts and incitements to commit the same against the person of the King.

All offences or public insults committed within Italian territory against the person of the Supreme Pontiff, whether by means of speeches, acts, or writings, shall be punished in the same manner as offences and insults against the person of the King.

Article 9

In accordance with the provisions of International Law, all persons having a permanent residence within the Vatican City shall be subject to the sovereignty of the Holy See. Such residence shall not be forfeited by reason of the mere fact of temporary residence elsewhere, unaccompanied by the loss of habitation in the said City or other circumstances proving that such residence has been abandoned.

On ceasing to be subject to the sovereignty of the Holy See, the persons referred to in the preceding paragraph, who, according to the provisions of Italian law (independently of the defacto circumstances considered above) shall not be regarded as possessing any other citizenship, shall be regarded in Italy as Italian nationals.

Notwithstanding that all such persons are subject to the sovereignty of the Holy See, the provisions of Italian law shall be applicable to them within the territory of the Kingdom of Italy, even in such matters wherein the personal law must be observed (when they are not covered by the regulations emanating from the Holy See) and, in the case of persons of foreign nationality, the legal provisions of the State to which they belong.

Article 10

Such dignitaries of the Church and persons belonging to the Papal Court as shall be indicated in a Schedule to be approved by the High Contracting Parties, shall always and in every case, even when not citizens of the Vatican, be exempt from military service as far as Italy is concerned, jury service, and any other service of a personal nature.

This provision shall also apply to regular officials whose services are considered indispensable by the Holy See, if permanently employed by the latter and earning a fixed salary, or employed in the Departments or Offices mentioned in Articles 13, 14, 15, and 16 hereof and residing without the Vatican City. The names of such officials shall be set forth in another Schedule to be drawn up and approved as above mentioned, and which shall be brought up to date each year by the Holy See.

The ecclesiastics whose duty it shall be to participate, without the Vatican City, in the execution of enactments emanating from the Holy See, shall not, on that account, be subject to any hindrance, investigation, or molestation on the part of the Italian authorities.

All foreigners in official ecclesiastical employment in Rome shall enjoy the personal guarantees appertaining to Italian citizens, in accordance with the laws of the Kingdom of Italy.

Article I I

All central bodies of the Catholic Church shall be exempt from any interference on the part of the Italian State (save and except as provided by Italian law in regard to the acquisition of property made by corgi morali, [recognized public bodies] and with regard to the conversion of real estate).

Article 12

Italy recognizes the right of the Holy See to passive and active Legation, according to the general rules of International Law. Officials accredited by foreign Governments to the Holy See shall continue to enjoy, within the Kingdom of Italy, all the prerogatives of immunity enjoyed by diplomatic agents under International Law, and their headquarters may continue to be within Italian territory whilst enjoying the immunity due to them under International Law, even in the event of their State not having diplomatic relations with Italy.

It is understood that Italy undertakes in all cases to allow the freedom of correspondence for all States, including belligerents, to and from the Holy See, as well as free access to the Apostolic See by Bishops from all over the world.

The High Contracting Parties undertake to establish normal diplomatic relations between each other, by accrediting an Italian Ambassador to the Holy See and a Papal Nuncio to Italy, who shall be the doyen of the Diplomatic Corps., in accordance with the ordinary practice recognized by the Congress of Vienna by the Act of June 9, 1815, in consequence of the sovereignty hereby recognized and without prejudice to the provisions of Article 19 hereof, the diplomats accredited by the Holy See and the diplomatic couriers dispatched in the name of the Supreme Pontiff, shall enjoy within Italian territory, even in time of war, the same treatment as that enjoyed by diplomatic personages and couriers of other foreign Governments, according to the provisions of International Law.

Article 13

Italy recognizes the full ownership of the Holy See over the patriarchal Basilicas of St. John Lateran, Sta. Maria Maggiore, and St. Paul, with their annexed buildings.

The State transfers to the Holy See the free management and administration of the said Basilica of St. Paul and its dependent Monastery, also paying over to the Holy See all monies representing

the sums set aside annually for that church in the budget of the Ministry of Education.

It is also understood that the Holy See shall remain the absolute owner of the edifice of S. Callisto, adjoining Sta. Maria in Trastevere.

Article 14

Italy recognizes the full ownership by the Holy See of the Papal Palace of Castel Gandolfo, together with all endowments, appurtenances, and dependencies thereof, which are now already in the possession of the Holy See, and Italy also undertakes to hand over, within six months after the coming into force of the present Treaty, the Villa Barberini in Castel Gandolfo, together with all endowments, appurtenances, and dependencies thereof.

In order to round off the property situated on the northern side of the Janiculum Hill, belonging to the Sacred Congregation of Pro paganda Fide and to other ecclesiastical institutions, which property faces the Vatican Palaces, the State undertakes to transfer to the Holy See or other bodies appointed by it for such purpose, all real estate belonging to the State or to third parties existing in that area. The properties belonging to the said Congregation and to other institutions and those to be transferred being marked on the annexed map.

Finally, Italy shall transfer to the Holy See, as its full and absolute property, the Convent buildings in Rome attached to the Basilica of the Twelve Holy Apostles and to the churches of San Andrea della Valle and S. Carlo al Catinari, with all annexes and dependencies thereof, and shall hand them over within one year after the entry into force of the present Treaty, free of all occupants.

Article 15

The property indicated in Article 13 hereof and in paragraphs (1) and (2) of Article 14, as well as the Palaces of the Cataria, of the

Cancelleria, of the Sacred Congregation of Propaganda Fide in the Piazza di Spagna of the S. Offizio with its annexes, and those of the Convertendi (now the Congregation of the Eastern Church) in Piazza Scossacavelli, the Vicariato, and all other edifices in which the Holy See shall subsequently desire to establish other offices and departments although such edifices form part of the territory belonging to the Italian State, shall enjoy the immunity granted by International Law to the headquarters of the diplomatic agents of foreign States. Similar immunity shall also apply with regard to any other churches (even if situated outside Rome) during such time as, without such churches being open to the public, the Supreme Pontiff shall take part in religious ceremonies celebrated therein.

Article 16

The property mentioned in the three preceding Articles, as also that used as headquarters of the following Papal institutions-the Gregorian University, the Biblical, Oriental, and Archaeological Institutes, the Russian Seminary, the Lombard College, the two Palaces of St. Appollinaris, and the Home of the Retreat of the Clergy dedicated to St. John and St. Paul-shall never be subject to charges or to expropriation for reasons of public utility, save by previous agreement with the Holy See, and shall be exempt from any contribution or tax, whether ordinary or extraordinary and payable to the State or to any other body.

It shall be permissible for the Holy See to deal with all buildings above mentioned or referred to in the three preceding Articles as it may deem fit, without obtaining the authorization or consent of the Italian governmental, provincial, or communal authority, which authorities may in this regard rely entirely on the high artistic traditions of the Catholic Church.

Article 17

As from January 1, 1929, salaries of whatsoever nature payable by the Holy See, or by other central bodies of the Catholic Church and

by bodies administered directly by the Holy See whether within or without Rome to dignitaries employed and salaried (whether permanently or not), shall be exempt from any contribution or tax whether payable to the State or to any other body.

Article 18

The artistic and scientific treasures existing within the Vatican City and the Lateran Palace shall remain open to scholars and visitors, although the Holy See shall be free to regulate the admission of the public thereto.

Article 19

Diplomats and envoys of the Holy See, as well as diplomats and envoys of foreign Governments accredited to the Holy See, and the dignitaries of the Church arriving from abroad and traveling to the Vatican City, provided with passports of the States whence they come duly furnished with the visa of the Papal representative abroad, shall be allowed free access to the Vatican City over Italian territory without formalities.

Article 20

Goods arriving from abroad for destinations within the Vatican City, or without its boundaries for institutions or offices of the Holy See, shall invariably be allowed transit over Italian territory (from any part of the Italian boundary as also from any seaport of the Kingdom) free of payment of any customs or octroi dues.

Article 21

All Cardinals shall enjoy, in Italy, the honours due to Princes of the Blood. Those Cardinals who may reside in Rome without the Vatican City shall, for all purposes, be considered citizens thereof.

In the event of the office of the Holy See falling vacant, Italy shall make special arrangements for the free transit and access of Cardinals over Italian territory to the Vatican, and shall provide that their personal liberty is not impeded or limited.

Italy shall also take all measures, within her territory surrounding the Vatican City, necessary to prevent the commission of any act which may in any way disturb the meetings of the Conclave.

The same provisions shall apply to Conclave held beyond the boundaries of the Vatican City and to Councils presided over by the Supreme Pontiff or his Legates, and with regard to all Bishops summoned to attend them.

Article 22

At the request of the Holy See, or by its delegate who may be appointed in single cases or permanently, Italy shall provide within her for the punishment of offences committed within the Vatican City, save and except when the author of the offence shall have taken refuge in Italian territory, in which event he shall immediately be proceeded against according to the provisions of the Italian laws.

The Holy See shall hand over to the Italian State all persons who may have taken refuge within the Vatican City, when accused of acts committed within Italian territory which are considered to be criminal by the law of both States.

The same provisions shall apply in regard to persons accused of offences who may have taken refuge within the buildings enjoying immunity in accordance with the provisions of Article 15 hereof, save and except if the persons having authority within such buildings prefer to request members of the Italian police force to enter and arrest such persons.

Article 23

The regulations provided by International Law shall apply for the execution, within the Kingdom of Italy, of sentences pronounced by the Courts of the Vatican City.

All sentences and measures emanating from ecclesiastical authorities and officially communicated to the civil authorities, in regard to ecclesiastical or religious persons and concerning spiritual or disciplinary matters, shall without other formality have legal effect in Italy even for all civil purposes.

Article 24

In regard to the sovereignty appertaining to it also in international matters, the Holy See declares that it desires to take, and shall take, no part in any temporal rivalries between other States, nor in any international congresses called to settle such matters, save and except in the event of such parties making a mutual appeal to the pacific mission of the Holy See, the latter reserving in any event the right of exercising its moral and spiritual power.

The Vatican City shall, therefore, be invariably and in every event considered as neutral and inviolable territory.

Article 25

A special Convention signed on the same date as the present Treaty (of which it forms Annex 4), being an integral part thereof, shall provide for the settlement of the payments to be Article 26.

The Holy See considers that the agreements signed today offer an adequate guarantee for assuring to it, together with the requisite liberty and independence, the pastoral administration of the Roman Diocese and the Catholic Church throughout Italy and the entire world, and it declares the Roman Question to be definitely and irrevocably settled and therefore eliminated, and recognizes the Kingdom of Italy under the Dynasty of the House of Savoy, with Rome as the capital of the Italian State.

Italy, on her part, recognizes the State of the Vatican City under the sovereignty of the Supreme Pontiff.

The law dated May 13, 1871 (No. 214) and any other dispositions contrary to the present Treaty, are hereby abrogated.

Article 27

Within four months after the signature thereof, the present Treaty shall be submitted for ratification by the Supreme Pontiff and the King of Italy, and shall enter into force as soon as ratifications are exchanged.

Dated in Rome this 11th day of February, 1929.

[Signed] Pietro Cardinal Gasparri

Benito Mussolini

At the conclusion of the signing, the following official communique was released:

> The Holy See considers that with the Agreements signed today it possesses the guarantees necessary to provide due liberty and independence to the spiritual government of the dioceses of Rome and of the Catholic Church in Italy and the whole world. It declares the Roman question definitely and irrevocably settled, and therefore eliminated, and recognizes the Kingdom of Italy under the dynasty of the House of Savoy, with Rome as the capital of the Italian State. Italy, on its side, recognizes the State of the Vatican City under the sovereignty of the Supreme Pontiff.
>
> The Law of Guarantees and any other Law or Act contrary to the present Treaty is abrogated.

Source: The Coins and Medals of the Vatican, by Joseph Sadow and Thomas Sarro Jr., Copyright 1977 by Sandord J. Durst, 133 E. 58th Street, New York, NY 10022, Library of Congress No. 76-40814, ISBN 0-915262-06-1, pages 106-114 [online], http://lvwiu. aloha. net/-mikeseh/.

# Appendix C
# The Concordat between the Holy See and the German Reich

His Holiness Pope Pius XI and the President of the German Reich, moved by a common desire to consolidate and enhance the friendly relations existing between the Holy See and the German Reich, wish to regulate the relations between the Catholic Church and the State for the whole territory of the German Reich in a permanent manner and on a basis acceptable to both parties. They have decided to conclude a solemn agreement, which will supplement the Concordats already concluded with certain individual German states, and will ensure for the remaining States fundamentally uniform treatment of their respective problems.

For this purpose: His Holiness Pope Pius XI has appointed as his Plenipotentiary His Eminence the Most Reverend Lord Cardinal

Eugenio Pacelli, his Secretary of State. The President of the German Reich has appointed as Plenipotentiary the Vice-Chancellor of the German Reich, Herr Franz von Papen. Who, having exchanged their respective credentials and found them to be in due and proper form, have agreed to the following articles:

Article 1. The German Reich guarantees freedom of profession and public practice of the Catholic religion.

It acknowledges the right of the Catholic Church, within the limit of those laws which are applicable to all, to manage and regulate her own affairs independently, and, within the framework of her own competence, to publish laws and ordinances binding on her members.

Article 2. The Concordats concluded with Bavaria (1924), Prussia (1929) and Baden (1932) remain in force, and the rights and privileges of the Catholic Church recognized therein are secured unchanged within the territories of the States concerned. For the remaining States the agreements entered into in the present Concordat come into force in their entirety. These last are also binding for those States named above insofar as they affect matters not regulated by the regional Concordats or are complementary to the settlement already made.

In the future, regional Concordats with States of the German Reich will be concluded only with the agreement of the Reich Government.

Article 3. In order to foster good relations between the Holy See and the German Reich, an Apostolic Nuncio will reside in the capital of the German Reich and an Ambassador of the German Reich at the Holy See, as heretofore.

Article 4. In its relations and correspondence with the bishops, clergy, and other members of the Catholic Church in Germany, the Holy See enjoys full freedom. The same applies to the bishops and

other diocesan officials in their dealings with the faithful in all matters belonging to their pastoral office.

Instructions, ordinances, Pastoral Letters, official diocesan gazettes, and other enactments regarding the spiritual direction of the faithful issued by the ecclesiastical authorities within the framework of their competence (Art. 1, Sect. 2) may be published without hindrance and brought to the notice of the faithful in the form hitherto usual.

Article 5. In the exercise of their spiritual activities the clergy enjoy the protection of the State in the same way as State officials. The State will take proceedings in accordance with the general provisions of State law against any outrage offered to the clergy personally or directed against their ecclesiastical character, or any interference with the duties of their office, and in case of need will provide official protection.

Article 6. Clerics and Religious are freed from any obligation to undertake official offices and such obligations as, according to the provisions of Canon Law, are incompatible with the clerical or religious state. This applies particularly to the office of magistrate, juryman, member of Taxation Committee, or member of the Fiscal Tribunal.

Article 7. The acceptance of an appointment or office in the State, or in any publicly constituted corporation dependent on the State, requires, in the case of the clergy, the nihil obstat of the Diocesan Ordinary of the individual concerned, as well as that of the Ordinary of the place in which the publicly constituted corporation is situated. The nihil obstat may be withdrawn at any time for grave reasons affecting ecclesiastical interests.

Article 8. The official income of the clergy is immune from distraint to the same extent as is the official salary of officials of the Reich and State.

Article 9. The clergy may not be required by judicial and other officials to give information concerning matters which have been entrusted to them while exercising the care of souls, and which therefore come within the obligation of pastoral secrecy.

Article 10. The wearing of clerical dress or of a religious habit on the part of lay folk, or of clerics or religious who have been forbidden to wear them by a final and valid injunction made by the competent ecclesiastical authority and officially communicated to the State authority, is liable to the same penalty on the part of the State as the misuse of military uniform.

Article 11. The present organization and demarcation of dioceses of the Catholic Church in the German Reich remains in force. Such rearrangements of a bishopric or of an ecclesiastical province or of other diocesan demarcations as shall seem advisable in the future, so far as they involve changes within the boundaries of a German State, remain subject to the agreement of the Government of the State concerned.

Rearrangements and alterations which extend beyond the boundaries of a German State require the agreement of the Reich Government, to whom it shall be left to secure the consent of the regional Government in question. The same applies to rearrangements or alterations of ecclesiastical Provinces involving several German States. The foregoing conditions do not apply to such ecclesiastical boundaries as are laid down merely in the interests of local pastoral care.

In the case of any territorial reorganization within the German Reich, the Reich Government will communicate with the Holy See with a view to rearrangement of the organization and demarcation of dioceses.

Article 12. Without prejudice to the provisions of Article 11, ecclesiastical offices may be freely constituted and changed, unless the expenditure of State funds is involved. The creation and alteration

of parishes shall be carried out according to principles with which the diocesan bishops are agreed, and for which the Reich Government will endeavor to secure uniform treatment as far as possible from the State Governments.

Article 13. Catholic parishes, parish and diocesan societies, episcopal sees, bishoprics and chapters, religious Orders and Congregations, as well as institutions, foundations, and property which are under the administration of ecclesiastical authority, shall retain or acquire respectively legal competence in the civil domain according to the general prescriptions of civil law. They shall remain publicly recognized corporations insofar as they have been such hitherto; similar rights may be granted to the remainder in accordance with those provisions of the law which apply to all.

Article 14. As a matter of principle the Church retains the right to appoint freely to all Church offices and benefices without the cooperation of the State or of civil communities, insofar as other provisions have not been made in previous Concordats mentioned in Article 2. The regulation made for appointment to the Metropolitan see of Freiburg (the Ecclesiastical Province of the Upper Rhine) is to be duly applied to the two suffragan bishoprics of Rottenburg and Mainz, as well as to the bishopric of Meissen. With regard to Rottenburg and Mainz the same regulation holds for appointments to the Cathedral Chapter, and for the administration of the right of patronage. Furthermore, there is accord on the following points:

1. Catholic clerics who hold an ecclesiastical office in Germany or who exercise pastoral or educational functions must:

   (a) Be German citizens.

   (b) Have matriculated from a German secondary school.

   (c) Have studied philosophy and theology for at least three years at a German State University, a German ecclesiastical college, or a papal college in Rome.

2. The Bull nominating Archbishops, Coadjutors "cum jure successionis," or appointing a "Praelatus nullius," will not be issued until the name of the appointee has been submitted to the representative of the National Government in the territory concerned, and until it has been ascertained that no objections of a general political nature exist.

By agreement between Church and State, Paragraph 1, sections (a) (b) and (c) may be disregarded or set aside.

Article 15. Religious Orders and Congregations are not subject to any special restrictions on the part of the State, either as regards their foundation, the erection of their various establishments, their number, the selection of members (save for the special provisions of paragraph 2 of this article), pastoral activity, education, care of the sick and charitable work, or as regards the management of their affairs and the administration of their property.

Religious Superiors whose headquarters are within Germany must be German citizens. Provincials and other Superiors of Orders, whose headquarters lie outside Germany, have the right of visitation of those of their establishments which lie within Germany.

The Holy See will endeavor to ensure that the provincial organi zation of conventual establishments within the German Reich shall be such that, as far as possible, German establishments do not fall under the jurisdiction of foreign provincials. Agreements may be made with the Reich Government in cases where the small number of houses makes a special German province impracticable, or where special grounds exist for the retention of a provincial organization which is firmly established and has acquired an historic nature.

Article 16. Before bishops take possession of their dioceses they are to take an oath of fealty either to the Reich Representative of the State concerned, or to the President of the Reich, according to the following formula: "Before God and on the Holy Gospels I swear and promise as becomes a bishop, loyalty to the German Reich and to

the State of ... I swear and promise to honor the legally constituted Government and to cause the clergy of my diocese to honor it. In the performance of my spiritual office and in my solicitude for the welfare and the interests of the German Reich, I will endeavor to avoid all detrimental acts which might endanger it."

Article 17. The property and other rights of public corporation, institutions, foundations, and associations of the Catholic Church regarding their vested interests, are guaranteed according to the common law of the land.

No building dedicated to public worship may be destroyed for any reason whatsoever without the previous consent of ecclesiastical authorities concerned.

Article 18. Should it become necessary to abrogate the performance of obligations undertaken by the State towards the Church, whether based on law, agreement, or special charter, the Holy See and the Reich will elaborate in amicable agreement the principles according to which the abrogation is to be carried out.

Legitimate traditional rights are to be considered as titles in law.

Such abrogation of obligations must be compensated by an equivalent in favor of the claimant.

Article 19. Catholic Theological Faculties in State Universities are to be maintained. Their relation to ecclesiastical authorities will be governed by the respective Concordats and by special Protocols attached to the same, and with due regard to the laws of the Church in their regard. The Reich Government will endeavor to secure for all these Catholic Faculties in Germany a uniformity of practical administration corresponding to the general spirit and tenor of the various agreements concerned.

Article 20. Where other agreements do not exist, the Church has the right to establish theological and philosophical colleges for the

training of its clergy, which institutions are to be wholly dependent on the ecclesiastical authorities if no State subsidies are sought.

The establishment, management, and administration of theological seminaries and hostels for clerical students, within the limits of the law applicable to all, is exclusively the prerogative of the ecclesiastical authorities.

Article 21. Catholic religious instruction in elementary, senior, secondary, and vocational schools constitutes a regular portion of the curriculum, and is to be taught in accordance with the principles of the Catholic Church. In religious instruction, special care will be taken to inculcate patriotic, civic, and social consciousness and sense of duty in the spirit of the Christian Faith and the moral code, precisely as in the case of other subjects. The syllabus and the selection of textbooks for religious instruction will be arranged by consultative agreement with the ecclesiastical authorities, and these latter have the right to investigate whether pupils are receiving religious instruction in accordance with the teachings and requirements of the Church. Opportunities for such investigation will be agreed upon with the school authorities.

Article 22. With regard to the appointment of Catholic religious instructors, agreement will be arrived at as a result of mutual consultation on the part of the bishop, those unfit for the further exercise of their teaching functions, either on pedagogical grounds or by reason of their moral conduct, may not be employed for religious instruction so long as the obstacle remains.

Article 23. The retention of Catholic denomination schools and the establishment of new ones is guaranteed. In all parishes in which parents or guardians request it, Catholic elementary schools will be established, provided that the number of pupils available appears to be sufficient for a school managed and administered in accordance with the standards prescribed by the State, due regard being had to the local conditions of school organizations.

Article 24. In all Catholic elementary schools only such teachers are to be employed as are members of the Catholic Church, and who guarantee to fulfill the special requirements of a Catholic school.

Within the framework of the general professional training of teachers, arrangements will be made which will secure the formation and training of Catholic teachers in accordance with the special requirements of Catholic denominational schools.

Article 25. Religious Orders and Congregations are entitled to establish and conduct private schools, subject to the general laws and ordinances governing education. Insofar as these schools follow the curriculum prescribed for State schools, those attending them acquire the same qualifications as those attending State schools. The admission of members of religious Orders or Congregations to the teaching office, and their appointment to elementary, secondary, or senior schools, are subject to the general conditions applicable to all.

Article 26. With certain reservations pending a later comprehensive regulation of the marriage laws, it is understood that, apart from cases of critical illness of one member of an engaged couple which does not permit of a postponement, and in cases of great moral emergency (the presence of which must be confirmed by the proper ecclesiastical authority), the ecclesiastical marriage ceremony should precede the civil ceremony. In such cases the pastor is in duty bound to notify the matter immediately at the Registrar's office.

Article 27. The Church will accord provision to the German army for the spiritual guidance of its Catholic officers, personnel, and other officials, as well as for the families of the same.

The administration of such pastoral care for the army is to be vested in the army bishop. The latter's ecclesiastical appointment is to be made by the Holy See after contact has been made with the Reich Government in order to select a suitable candidate who is agreeable to both parties.

The ecclesiastical appointment of military chaplains and other military clergy will be made after previous consultations with the appropriate authorities of the Reich by the army bishop. The army bishop may appoint only such chaplains as receive permission from their diocesan bishop to engage in military pastoral work, together with a certificate of suitability. Military chaplains have the rights of parish priests with regard to the troops and other army personnel assigned to them.

Detailed regulations for the organization of pastoral work by chaplains will be supplied by an Apostolic Brief. Regulations for official aspects of the same work will be drawn up by the Reich Government.

Article 28. In hospitals, prisons, and similar public institutions the Church is to retain the right of visitation and of holding divine service, subject to the rules of the said institutions. If regular pastoral care is provided for such institutions, and if pastors be appointed as State or other public officials, such appointments will be made by agreement with the ecclesiastical authorities.

Article 29. Catholic members of a non-German minority living within the Reich, in matters concerning the use of their mother tongue in church services [sermons], religious instruction, and the conduct of church societies, will be accorded no less favorable treatment than that which is actually and in accordance with law permitted to individuals of German origin and speech living within the boundaries of the corresponding foreign States.

Article 30. On Sundays and Holy days, special prayers, conforming to the Liturgy, will be offered during the principal Mass for the welfare of the German Reich and its people in all episcopal, parish, and conventual churches and chapels of the German Reich.

Article 31. Those Catholic organizations and societies which pursue exclusively charitable, cultural, or religious ends, and, as

such, are placed under the ecclesiastical authorities, will be protected in their institutions and activities.

Those Catholic organizations which to their religious, cultural, and charitable pursuits add others, such as social or professional interests, even though they may be brought into national organizations, are to enjoy the protection of Article 31, Section I, provided they guarantee to develop their activities outside all political parties.

It is reserved to the central Government and the German episcopate, in joint agreement, to determine which organizations and associations come within the scope of this Article.

Insofar as the Reich and its constituent States take charge of sport and other youth organizations, care will be taken that it shall be possible for the members of the same regularly to practice their religious duties on Sundays and feast days, and that they shall not be required to do anything not in harmony with their religious and moral convictions and obligations.

Article 32. In view of the special situation existing in Germany, and in view of the guarantee provided through this Concordat of legislation directed to safeguard the rights and privileges of the Roman Catholic Church in the Reich and its component States, the Holy See will prescribe regulations for the exclusion of clergy and members of religious Orders from membership of political parties, and from engaging in work on their behalf.

Article 33. All matters relating to clerical persons or ecclesiastical affairs, which have not been treated of in the foregoing articles, will be regulated for the ecclesiastical sphere according to current Canon Law.

Should differences of opinion arise regarding the interpretation or execution of any of the articles of this Concordat, the Holy See and the German Reich will reach a friendly solution by mutual agreement.

Article 34. This Concordat, whose German and Italian texts shall have equal binding force, shall be ratified, and the certificates of ratification shall be exchanged, as soon as possible. It will be in force from the day of such exchange.

In witness hereof, the plenipotentiaries have signed this Concordat. Signed in two original exemplars, in the Vatican City, July 20th, 1933.

[Signed] Eugenio, Cardinal Pacelli.

[Signed] Franz von Papen.

The Supplementary Protocol. At the signing of the Concordat concluded today between the Holy See and the German Reich, the undersigned, being regularly thereto empowered, have adjoined the following explanations which form an integral part of the Concordat itself.

In re: Article 3. The Apostolic Nuncio to the German Reich, in accordance with the exchange of notes between the Apostolic Nunciature in Berlin and the Reich Foreign Office on the 11th and the 27th of March respectively, shall be the Doyen of the Diplomatic Corps thereto accredited.

Article 13. It is understood that the Church retains the right to levy Church taxes.

Article 14, Par. 2. It is understood that when objections of a general political nature exist, they shall be presented within the shortest possible time. If after twenty days such representations have not been made, the Holy See may be justified in assuming that no objections exist to the candidate in question. The names of the persons concerned will be kept confidential until the announcement of the appointment. No right of the State to assert a veto is to be derived from this article.

Article 17. Insofar as public buildings or properties are devoted to ecclesiastical purposes, these are to be retained as before, subject to existing agreements.

Article 19, Par 2. This clause is based, at the time of signature of this Concordat, especially on the Apostolic Constitution, "Deus Scientiarum Dominus" of May 24th, 1931, and the Instruction of July 7th, 1932.

Article 20. Hostels which are administered by the Church in connection with certain Universities and secondary schools, will be recognized, from the point of view of taxation, as essentially ecclesiastical institutions in the proper sense of the word, and as integral parts of diocesan organization.

Article 24. Insofar as private institutions are able to meet the requirements of the new educational code with regard to the training of teachers, all existing establishments of religious Orders and Congregations will be given due consideration in the accordance or recognition.

Article 26. A severe moral emergency is taken to exist when there are insuperable or disproportionately difficult and costly obstacles impeding the procuring of documents necessary for the marriage at the proper time.

Article 27, Par. 1. Catholic officers, officials, and personnel, their families included, do not belong to local parishes, and are not to contribute to their maintenance. Par 4. The publication of the Apostolic Brief will take place after consultation with the Reich Government.

Article 28. In cases of urgency entry of the clergy is guaranteed at all times.

Article 29. Since the Reich Government has seen its way to come to an agreement regarding non-German minorities, the Holy See

declares-in accordance with the principles it has constantly maintained regarding the right to employ the vernacular in Church services [sermons], religious instruction, and the conduct of Church societies-that it will bear in mind similar clauses protective of German minorities when establishing Concordats with other countries.

Article 31, Par. 4. The principles laid down in Article 31, Sect. 4 hold good also for the Labor Service.

Article 32. It is understood that similar provisions regarding activity in Party politics will be introduced by the Reich Government for members of non-Catholic denominations. The conduct, which has been made obligatory for the clergy and members of religious Orders in Germany in virtue of Article 32, does not involve any sort of limitation of official and prescribed preaching and interpretation of the dogmatic and moral teachings and principles of the Church.

[Signed] Eugenio, Cardinal Pacelli

[Signed] Franz von Papen

At the Vatican City, July 20th, 1933.

# Notes

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